STARTING TO DELIVER

The Rank Group Plc
Annual Report and Financial Statements 2015

About us

The Rank Group has been entertaining Britain since 1937, from its origins in motion pictures to today's gaming based entertainment brands.

Over the course of more than three-quarters of a century, the Group has entertained many millions of customers in Britain and around the world.

The Group's story is one of iconic brands and talented people with a mission to entertain.

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Visit our new website at: **www.rank.com**

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We are 12 months into our new strategy, and we are starting to deliver on our priorities. Throughout this report we evidence this performance through a series of case studies highlighting some of our wonderful employees and their achievements.

Strategic priority
1

CREATING A COMPELLING MULTI-CHANNEL OFFER

"Our 'My Casino' app allows you to plan your visit to any of our 58 Grosvenor Casinos in the UK. It's a fantastic way to find out what events and promotions are happening, book a restaurant table, take a virtual tour of the casinos, brush up on your games strategies, and more."

Cecile Ardouin,
Senior Product Manager, Mobile

Strategic report

DELIVERING SOLID PERFORMANCE

The charts illustrate the Group's performance for the 12 month period to 30 June over the last five years.

REVENUE[1]

£738.3M

15	738.3
14	707.7
13	625.0
12	584.3
11	580.7

PROFIT BEFORE TAX AFTER EXCEPTIONALS

£74.5M

15	74.5
14	14.4
13	42.7
12	45.0
11	181.4

STATUTORY REVENUE

£700.7M

15	700.7
14	678.5
13	596.2
12	558.9
11	556.9

EBITDA[3]

£126.3M

15	126.3
14	116.0
13	108.8
12	107.0
11	97.0

OPERATING PROFIT[2]

£84.0M

15	84.0
14	72.4
13	69.9
12	69.7
11	62.9

ADJUSTED PROFIT BEFORE TAX[4]

£74.1M

15	74.1
14	62.5
13	65.1
12	65.7
11	56.4

1 Before adjustment for free bets, promotions and customer bonuses.
2 Before exceptionals.
3 Group EBITDA is Group operating profit before exceptional items, depreciation and amortisation.
4 Adjusted profit before taxation is calculated by adjusting profit from continuing operations before taxation to exclude exceptional items, the unwinding of the discount in disposal provisions and other financial gains and losses.

More information

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ADJUSTED EARNINGS PER SHARE[5]

14.6P

15	14.6
14	12.4
13	12.4
12	12.4
11	10.2

NET (DEBT)/CASH

£(52.9)M

15	(52.9)
14	(137.0)
13	(104.1)
12	41.8
11	37.2

BASIC EARNINGS PER SHARE

19.1P

15	19.1
14	5.2
13	6.9
12	7.2
11	36.5

CUSTOMERS[6]

3,178K

15	3,178
14	3,029
13	2,676
12	2,641
11	2,546

DIVIDEND PER SHARE

5.60P

15	5.60
14	4.50
13	4.10
12	3.60
11	2.66

CUSTOMER VISITS[6]

27,992K

15	27,992
14	27,953
13	26,933
12	27,090
11	27,895

5 Adjusted earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude discontinued operations, exceptional items, other financial gains and losses, unwinding of the discount in disposal provisions and the related tax effects.
6 Unaudited.

WE ARE IMPROVING BUSINESS **PERFORMANCE**

Dear shareholder

Strategy

In August 2014, Rank's chief executive, Henry Birch, set out the Group's strategy to create long-term sustainable growth for the Group and its shareholders through the following five pillars:

1. Create a compelling multi-channel offer;
2. Build a strong digital capability;
3. Invest in our brands and marketing;
4. Continue to develop our venues; and
5. Harness technology to improve our customer experience and drive operating efficiency.

The Group has made significant progress towards its strategic objectives and has delivered a very strong operating performance across all the brands. More detail of progress made in 2014/15 is outlined on pages 25 to 31.

Financial performance

The Group has performed strongly in the year, with every brand improving its profitability on a like-for-like basis. I am particularly delighted that H2 saw an improvement on H1 despite the headwind from the imposition of Remote Gaming Duty ("RGD") from 1 December 2014. Overall revenue was up 4% to £738.3m, with a like-for-like stabilisation in our Mecca venues and strong growth in our brand digital channels ahead of the implementation of the new digital platform. The reduction in bingo duty to 10% offset the introduction of RGD at 15% during the year and has resulted in a net benefit of £4.7m, which, along with improvements across all brands, led to a 9% growth in EBITDA to £126.3m.

Cash flow remains strong and we ended the year with net debt 61% lower at £52.9m.

Operating responsibly

The Rank board is fully committed to upholding the licensing objectives, as set out in the Gambling Act 2005, with the aim of ensuring that all our customers enjoy our products responsibly. Following two specific cases, the UK Gambling Commission brought to our attention deficiencies in the application of our policies and procedures relating to anti-money laundering and responsible gambling. We are taking remedial actions and have commissioned an externally led review of our responsible gambling and anti-money laundering controls to provide us with further assurance that we are taking appropriate steps in these areas. We will continue to aim for the highest standards, in keeping with our commitment to upholding the licensing objectives.

National living wage

The introduction of the national living wage will impact the last quarter of 2015/16. In common with other leisure operators, the Group has a number of employees who will benefit from its introduction. This will result in additional operating costs but the Group believes a majority of these can be mitigated over time.

Taxation

From 30 June 2014, bingo duty was reduced from 20% to 10% and resulted in a £11.3m tax reduction in the year. This duty cut funded a reduction in prices to our customers, the recommencement of a venues refurbishment programme and an increase in Mecca's capital investments in product and technology.

From 1 December 2014, RGD at 15% was applied to all online gambling revenue generated by customers in the UK. The cost to the Group in the year was £6.6m.

VAT claims

Following the Court of Appeal decision regarding claims for overpaid VAT on certain types of amusement machines, Rank applied for leave to appeal to The Supreme Court. Rank was granted permission and the appeal was heard on 21 April 2015. On 8 July 2015, The Supreme Court issued their decision in favour of HMRC, which concludes this line of litigation. Rank repaid £25.2m of the £30.7m received in connection with these claims to HMRC in May 2014 and has fully provided for the remainder. As a consequence, the decision has no impact on Rank's financial performance or balance sheet strength in 2014/15 or future periods.

Listing Rules

On 7 July 2014 the Company made a formal submission to the UK Listing Authority ("UKLA") requesting it to modify LR 6.1.19 R, so that it could continue to be a premium listed

"The board and I would like to thank all of the Group's 11,000 employees for their endless enthusiasm, hard work and commitment."

More information

company with a slightly lower free float percentage than 25%. On 27 August 2014 the UKLA formally agreed to modify LR 6.1.19 R to accept a free float of 23%.

On 18 February 2015, GuoLine Overseas Limited ("GuoLine"), a subsidiary of Hong Leong Company (Malaysia) Berhad ("Hong Leong"), sold 50 million ordinary shares in Rank, thereby reducing Hong Leong's interest in Rank's shares to approximately 56.09%. As a result the Group now has a free float of greater than 25% and is no longer in breach of LR 6.1.19.

Management team changes

On 23 September 2014, Colin Cole-Johnson joined Rank as group director of digital and cross-channel services. Colin has over 15 years' international digital gaming experience and is responsible for the integration and delivery of Rank's multi-channel offer.

During 2014/15, Phil Urban left the Group after serving six years as managing director of Grosvenor Casinos and has been succeeded by Mark Jones (formerly managing director of Mecca).

On 5 January 2015, Martin Pugh joined Rank as managing director of Mecca. Martin has a wealth of experience in marketing, gambling and multi-site leisure, having previously run Virgin Active UK and Camelot's UK business.

On 9 September 2015, Paul Richardson will join the Group's management team as group director of strategy and corporate development. Paul is a former investment banker and corporate lawyer, who has worked both in an advisory and management capacity in the gaming sector. Most recently he was a senior vice president of international development at Galaxy Entertainment Group, one of the largest casino operators in Macau.

Management incentivisation

On 22 April 2015, a general meeting was held at which two resolutions were put to the Company's shareholders for consideration and approval. The first was regarding proposed amendments to the Group's long-term incentive plan for its employees and executive directors and further details can be found on pages 64 to 65. The second resolution was regarding proposed amendments to the directors' remuneration policy. Both resolutions proposed were approved by the Company's shareholders and further detail can be found on the Company's corporate website at www.rank.com/en/investors/shareholder-centre/shareholder-meetings.html.

Board

On 1 June 2015, Chris Bell joined Rank's board as a senior independent director and will also serve on Rank's audit committee. Chris brings with him extensive experience of the gambling industry and considerable corporate experience and is an excellent addition to the board.

On 1 September 2015, Susan Hooper will join our board and she will seek election by shareholders at our forthcoming annual general meeting on 15 October 2015. Details of her background and experience can be found in our notice of annual general meeting. Shaa Wasmund will not be seeking re-election at our annual general meeting and I would like to take this opportunity to thank her for her contribution to the board.

Dividend

The board targets a progressive and sustainable dividend. This dividend policy reflects the strong cash flow characteristics and long-term earnings potential of the Group, whilst allowing it to retain sufficient capital to fund ongoing operating requirements, investment and balance sheet management. The board is recommending a final dividend of 4.00 pence per share to be paid on 21 October 2015 to shareholders on the register at 11 September 2015. This will take the full year dividend to 5.60 pence per share, a 24% increase on last year. The Group's dividend cover has as a result reduced to 2.6 times from 2.8 times in the prior year.

Finally, the board and I would like to thank all of the Group's 11,000 employees for their endless enthusiasm, hard work and commitment. I am always impressed by how each member of staff strives to provide the best customer experience and I am delighted that their efforts are recognised in improved business performance.

Current trading and outlook

Trading in the short seven-week period to 16 August 2015 has continued in line with the trends seen in 2014/15 and is in line with management's expectations.

Rank remains in a strong financial position, possesses market leading brands and has a clear strategy for long-term growth.

Ian Burke, Chairman
19 August 2015

A STRONG PORTFOLIO OF BRANDS

Rank is a gaming focused leisure and entertainment group serving over three million customers.

Grosvenor Casinos

	2014/15	2013/14
Contribution to Group revenue	**£423.4m**	£391.2m
Operating profit	**£66.5m**	£56.8m
Customers	**1,817,000**	1,745,000

UK's largest multi-channel casino operator. Serves more than 1.8 million customers a year through a national portfolio of branded venues as well as via its online and mobile casinos. The brand offers a range of popular casino table games, including roulette, blackjack, baccarat and poker as well as electric casino and slot machine games. The brand's digital channel continues to gain scale and offers many popular games, including its very popular live casino.

Venues Largest operator (by venue) in Great Britain; 58 licensed casinos in Great Britain and two in Belgium.

Digital Rapidly growing digital business which continues to gain scale.

2014/15 summary

- Strong performance from the London venues driven by win margin recovery in H2
- Flat visits performance from provincial venues
- New Southend casino opened in September 2014
- Closure of two under-performing casinos post year end
- Digital continues to gain scale

More information
Operating review – Casinos 25

Mecca

	2014/15	2013/14
Contribution to Group revenue	**£289.6m**	£288.2m
Operating profit	**£43.0m**	£37.0m
Customers	**1,141,000**	1,096,000

UK's second largest multi-channel bingo operator and Rank's community-based gaming brand for the British market. Serves 1.1 million customers a year with a national portfolio of branded venues, as well as one of the UK's most popular community gaming websites. The digital channel offers a selection of games from bingo to a wide range of slot games, and the venues also have great value food and drinks, and live entertainment.

Venues Second largest operator (by venue) in Great Britain; 90 licensed bingo venues.

Digital One of the leading online bingo operators in the UK.

2014/15 summary

- Venues stable on a like-for-like basis
- Increased investment in venues following 10% reduction in bingo duty
- Six under-performing venues closed in the year with additional closures planned for 2015/16
- Good growth in digital customers but benefit offset by introduction of Remote Gaming Duty tax at 15%

More information
Operating review – Bingo 29

Enracha

	2014/15	2013/14
Contribution to Group revenue	**£25.3m**	£28.3m
Operating profit	**£2.6m**	£0.8m
Customers	**269,000**	260,000

Rank's community-based gaming business for the Spanish market. Nine venues serve approximately 269,000 customers a year through venues in Catalonia, Madrid, Andalucía and Galicia, offering a range of popular community games like bingo as well as electronic casino and slot machine games, sports betting, great value food and drink and live entertainment.

Venues Fourth largest bingo operator in Spain; 9 licensed bingo venues.

2014/15 summary

- Like-for-like euro revenue grew in the year, up 9%
- Continued roll out of Enracha branding across three more venues
- Disposal of one under-performing venue in the year

More information
Operating review – Enracha 31

A STRONG PRESENCE

Great Britain

Great Britain is Rank's largest market, generating approximately 95% of Group revenue. The Group has a total of 148 venues in Great Britain and its online bingo and casino operations are licensed out of Alderney and the UK.

GROUP REVENUE BY TERRITORY

95%

Spain

Enracha is the fourth largest bingo operator in Spain with nine community gaming-based entertainment venues in Catalonia, Madrid, Andalucía and Galicia.

GROUP REVENUE BY TERRITORY

3%

Belgium

Belgium is a small and established gaming market. Rank operates two casino venues in Middelkerke and Blankenberge.

GROUP REVENUE BY TERRITORY

2%

ADULT POPULATION

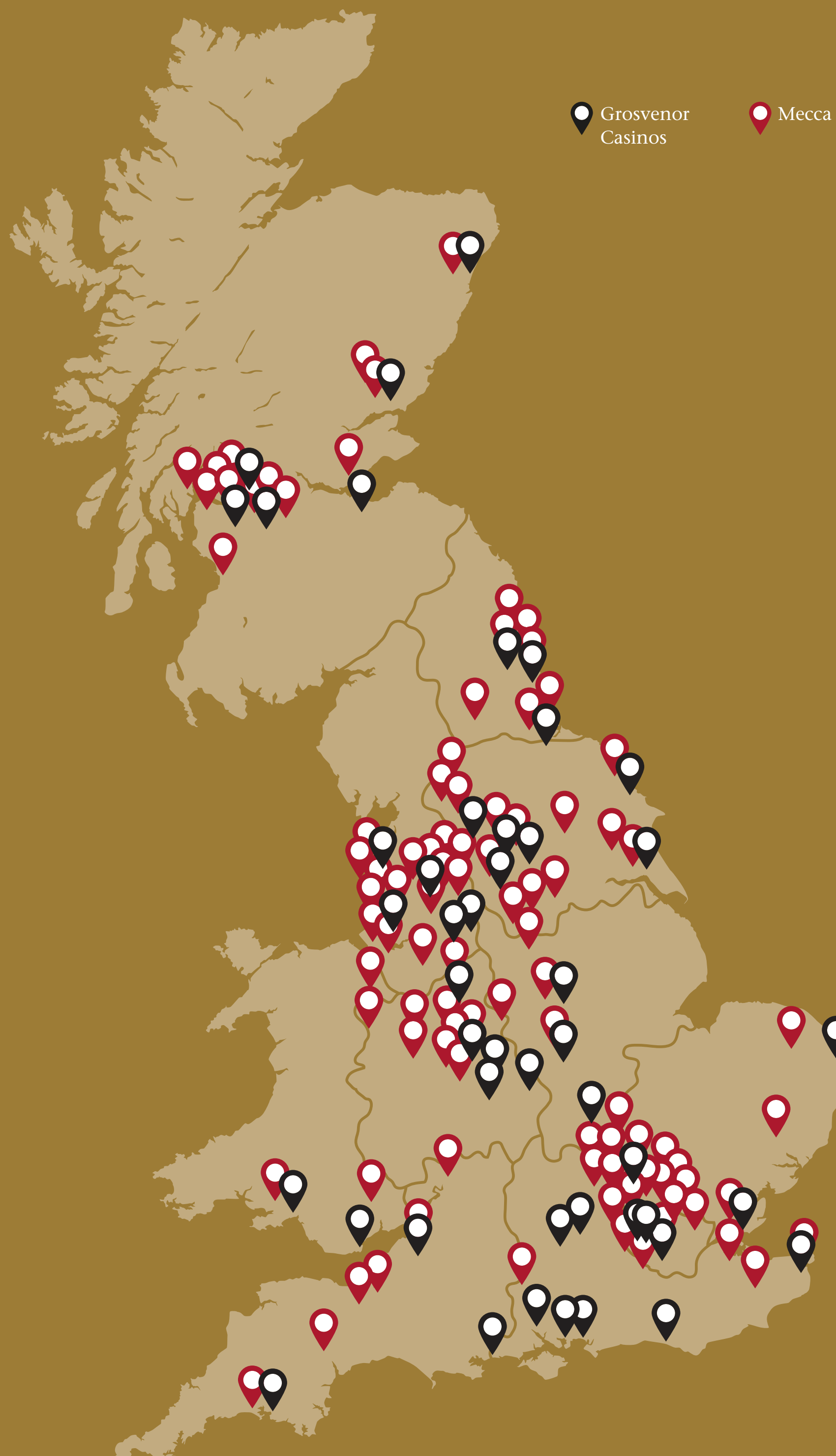
Great Britain	50.6m
Spain	40.4m
Belgium	8.8m

SIZE OF GAMBLING MARKET

Great Britain	£12.7bn
Spain	€7.7bn
Belgium	€1.3bn

GAMBLING SPEND PER ADULT

Great Britain	£251
Spain	€191
Belgium	€148



CREATING VALUE FOR OUR CUSTOMERS

Our aim is to be the UK's leading multi-channel gaming operator.

How we create value

Our aim is to be the UK's leading multi-channel gaming operator, creating value for our shareholders by having strong brands which meet customers' needs and delivering operational excellence in venues and digital channels.

Pages 15 to 19 outline our five strategic pillars that will deliver our aim.

Inputs

Financial capital
We have a strong balance sheet and anticipate signing new replacement facilities shortly.

Human
We employ 11,000 talented and dedicated individuals who have a desire to create the best experience for our three million customers.

Strong brands
We own a number of well-known brands with a strong affinity amongst certain customer segments.

Social
We are valued by the communities we operate in, providing fun and exciting experiences for our three million customers. Rank's supplier relationships form part of our strategic plans and are a key component of delivering a quality product and service to our customers.

Our multi-channel offer

How we run our business

The Rank Group is a well-established gaming operator which operates across multiple channels. Our business model shows how the different parts of the Group work together and create value.

Operating responsibly
We understand that our success as a business is dependent upon society's view of our role in the communities we serve.

Operating responsibly **33**

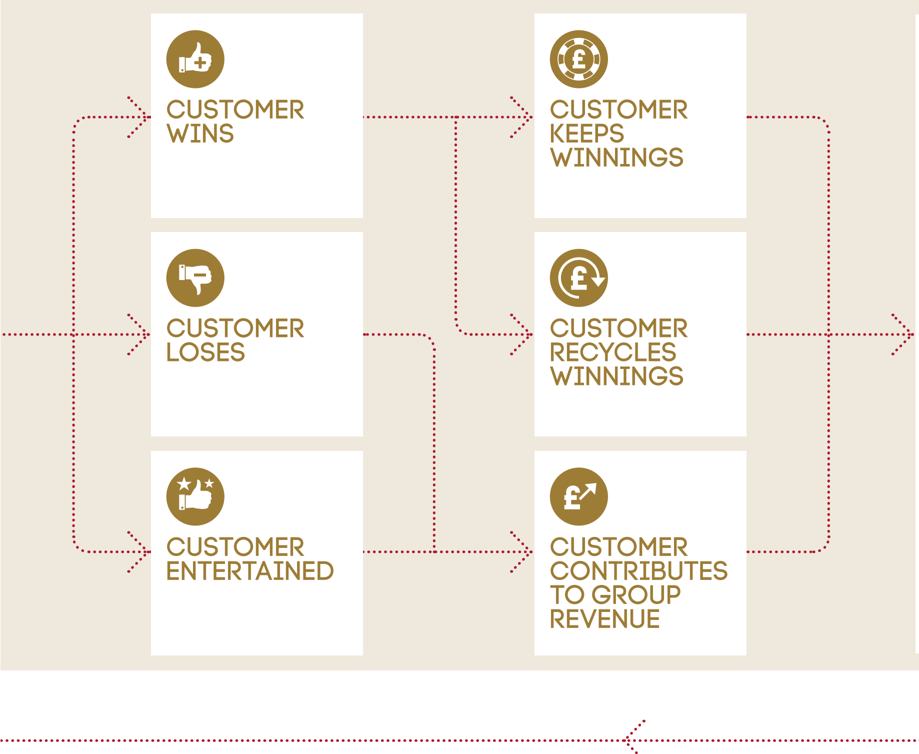
Risk management
Our approach to risk is fundamental to how we operate.

Risk management **20**

Our key differentiators – our multi-channel offer

In the markets where we operate, Rank is one of the few gaming companies in a position to offer customers a genuine multi-channel gaming offer. We have a number of key assets, including a portfolio of more than 150 venues, our membership systems and rewards programmes and high levels of engagement that our team members enjoy with our customers.

Our 3 million customers



Outcomes

Financial capital
We aim to deliver sustainable shareholder returns through focused investments which address our customer needs whilst generating suitable returns.

Human
We provide rewarding and fulfilling careers with a high level of engagement with our customers.

Strong brands
Through operating responsibly we maintain our brand strength and good reputation.

Customers
Experiences that meet our customers' expectations and needs by providing a market leading experience.

Key performance indicators

Our KPIs outlined on pages 15 to 19 are embedded within our business and provide insight into our progress against our strategic roadmap.

Key performance indicators **15**

Corporate governance

The board is committed to ensuring that our activities are well managed and that rigorous and transparent procedures allow this to happen.

Corporate governance **45**

WE ARE CREATING A MULTI-CHANNEL FUTURE FOR RANK

How has your first full year been? What have been the highlights and the lows?

My first full year has been a busy one, but one that I finish feeling really positive about the business. And that is a sentiment that I think is reflected throughout the Group, driven most tangibly by our performance. It is difficult not to be positive with all our brands in growth both at the revenue and profit level.

Growth in digital revenue – at 21% – is particularly pleasing and, in fact, if you compare just our second half performance, year-on-year, we are up 25%. To some extent that digital growth is ahead of our external "schedule", in that we haven't yet moved to our new platform or implemented any significant changes. But it doesn't surprise me, in that we have been making a number of incremental changes across the business – from launching new content and product (such as our new Mecca iPad app and a new device-agnostic front-end, giving consistency across PC, tablet and mobile) to improvements in our customer payments and VIP management.

We've also hired a number of people and restructured the way we work, putting in place teams that work across our digital brands, including mobile, marketing, design, user experience, payments and customer contact. I believe we've now got a really strong digital team in place that can grow the business rapidly over the coming years.

Another highlight has been Mecca's retail performance this year. At first sight, stable revenues on a like-for-like club basis looks unremarkable. But against a backdrop of an industry that has faced declining revenues for many years, it is extremely encouraging. We've been candid about some of the challenges we face in Mecca – and these persist – but there is now a real sense of optimism and purpose within the Mecca business.

And across the wider business – in Grosvenor and in Enracha – I feel we've got the right teams and strategies in place combined with a feeling of momentum and positive change. It is also gratifying to see our improved performance reflected in share price appreciation and to see new investors on our shareholder register.

There have been few lows, but they have included taking the decisions to close some of our bingo venues. These are decisions that we never take lightly and we are aware of the impact they can have on the lives of our employees and our customers. But against that we face the reality that, whilst Mecca remains a very profitable business, there is a small tail of venues that are unprofitable, either because of local dynamics, shifts in demographics or rents that become unsustainably high for us. In those circumstances, when we can exit lease commitments of under-performing venues, we need to be prepared to make those difficult decisions.

Finally – and this is not an issue unique to Rank – I have at times wished we could do things faster. When we do something we tend to do it well, but I would like to engender greater impatience and urgency throughout the business. That's changing, and we definitely have no shortage of ideas to put into action, so I expect to see a tangible difference in outlook and output in the coming years.

"Growth in digital revenue – at 21% – is particularly pleasing."

More information

How is Rank's strategy progressing? What further changes can we expect to see?

We outlined our strategy alongside our preliminary results last year. Our strategy itself hasn't changed over the last 12 months, but we have made good progress on a number of fronts. As outlined on pages 15 to 19, our strategy is focused on five key areas with digital growth and a multi-channel future at the heart of it. Gambling has arguably been slower than some other sectors, most notably retail and banking, at creating a compelling multi-channel proposition for customers. But I have no doubt that we will get there as an industry and that customers will place greater value on companies who can offer a joined up retail and digital experience than on digital-only operators. I also believe that Rank, with its membership-based retail businesses, loyalty programmes and strong service culture, is best placed in our industry to deliver that multi-channel experience.

More broadly, our strategy now has greater credence within the business. We've taken the time to communicate what we are trying to do and why we are doing it throughout the Group. We've also moved the strategy on from ideas and principles to detailed specific initiatives and projects and, crucially, have put timetables and capital requirements around our plans. We're going to be busy for the next 18 months and beyond. We are also comfortable that, despite building a company for the future, the investment required does not significantly alter the capital requirements that we've seen over the last few years, and that we can continue to grow our top and bottom lines.

What has the new management team brought to the Group?

We have made a number of changes in management over the course of the last year, such that half of our executive team are new in role within the last 14 months. Those appointments have brought a renewed sense of energy and purpose to the business and I think our recent improved performance is a testament to that. I feel we now have a really good combination of those with longevity of service and industry experience balanced with those having experience and skills gained in adjacent industries and sectors. At the heart of our management team has been an emphasis on collaboration, in the recognition that although we run a number of separate businesses and brands, there is much that is common to them all and that by pooling skills, resource and experience we have much to gain. We're starting to see the first benefits of a more collaborative approach across our brands and I think it can give us advantages in a number of areas over our single brand/business competitors.

We've also made changes in management beneath the executive team, bringing in new talent, ideas and ways of working. But I am a believer that talent management is a project that is never complete – companies are living organisms and, whilst needing to maintain an element of stability and continuity, we need to constantly evolve and shape our management and teams for an ever-changing future.

What are your key priorities for the next 12 months?

We have two main priorities for the next 12 months. The first is to maintain our performance improvement. Rank has had a really strong 12 months and we need to make sure we continue that momentum into the next financial year. We have the headwind of a whole year of digital gaming taxes (the "point of consumption tax" introduced in December 2014) versus the seven out of 12 months just passed, and our comparators will be that much more difficult coming out of a strong year. But against that, we have an ongoing schedule of initiatives and improvements that should continue to grow our business and we remain confident that we'll deliver on this objective.

The second priority is to put in place some of the key building blocks for future growth. Most obvious amongst these is the launch of our new digital platform, supplied by Bede. Not only do we expect this to drive improved performance in our digital business, but it will be a key part in joining up our retail and digital systems. Those retail systems will also be upgraded with a multi-channel world in mind, albeit within the following financial year. The next 12 months will also see the launch of a new bingo club format and a new digital brand, both with clear growth potential, but grounded within a modest capital commitment.

Whilst these two priorities can sometimes work against each other – new platforms often result in periods of disruption for a business – we are confident that we will deliver on these two priorities and will have a business in fantastic shape this time next year with compelling future prospects.

Henry Birch, Chief Executive
19 August 2015

Strategic priority
2

BUILDING DIGITAL CAPABILITY

"We're proudly different to everyone else in the market and we wanted our website to reflect who we are and where we're heading as a brand. The new Mecca website is just the beginning and we'll continue to listen to our users, evolving our offering to further enhance their experience."

Caroline Grindrod,
Director of Customer Experience, Digital

MAKING GOOD PROGRESS ON OUR STRATEGY

1 *Creating a compelling multi-channel offer*

In the markets where we operate, Rank is one of the few gaming companies in a position to provide customers a genuine multi-channel gaming offer. We have a number of key assets, including a portfolio of more than 150 venues, our membership-based model with approximately three million members, our loyalty and rewards programmes and the high levels of engagement that our team members enjoy with customers.

We will build on this position by investing in a range of improvements designed to make it simpler, more convenient and more rewarding for customers to engage with us across multiple channels. These improvements include the development of a single customer account, a single customer wallet and a single customer rewards programme, as well as a number of other content- and technology-related initiatives. These are large and complex programmes which will take time to deliver but which we believe will give Rank an important competitive advantage.

Activity in 2014/15

- **Grosvenor Casinos service app:** A new app, My Casino, was launched in Q4 2014/15. The app provides customers with information on all our UK casino venues from location and directions to virtual tours of every casino.
- **Tri-channel launch of content:** Grosvenor Casinos had its first ever simultaneous launch of a tri-channel game. Prowling Panther was launched across retail, mobile and desktop supported by a cross-channel promotion. Revenues for each channel exceeded typical levels.
- **Progress towards a new digital platform:** In January 2015, we announced that we would be working with Bede Gaming to develop a new platform for our digital business. As part of the selection process, we conducted an extensive technical and business evaluation of a number of platform providers and Bede Gaming was chosen on the basis of the quality of its product, its open architecture allowing a linking of systems and multiple sources of games content and its willingness to enter into a collaborative partnership which gives Rank the ability to own its technology in the future should it choose to do so. A more modern and functional digital gaming platform will drive additional digital revenue and will be a key component in creating a multi-channel offer.
- **Bring Your Own Device ("BYOD") trial in Mecca:** Four venues took part in offering customers Mecca Max content on both customer and club Android devices. The trial has provided Mecca with clarity over where investment and further development are required prior to a programme being rolled out across the remaining retail estate.
- **Grosvenor Casinos loyalty scheme:** During the year Grosvenor Casinos' loyalty scheme, Play Points, was rolled out across a further 14 venues taking the total venues participating to 46. This was in addition to the previous year's roll out across its digital channel to create the Group's first cross-channel rewards programme.
- **Grosvenor Casinos Black & Gold cards:** During 2014/15 both card schemes were launched, targeting higher spending customers. The scheme provides improved customer benefits and aims to improve customer spend, retention and visit frequency.

Priorities for 2015/16

- **Digital platform migration:** Preparation for the migration of meccabingo.com and grosvenorcasinos.com websites is underway and the Group is targeting a full migration to Bede Gaming's platform by Q3 2015/16.
- **Mecca Services app:** During the 2015/16 year we plan to launch a Mecca version of the My Casino app to bring the same useful tool to our Mecca customers.
- **Progress towards single account and single wallet:** Work will start on upgrading and integrating Grosvenor Casinos and Mecca retail management systems.

Key performance indicators

MECCA CROSS-CHANNEL CROSS-OVER

9.1%

15	9.1
14	7.5
13	5.8
12	5.0

GROSVENOR CASINOS CROSS-CHANNEL CROSS-OVER

2.3%

15	2.3
14	1.5
13	1.3
12	0.6

Percentage of venue customers who are also digital customers.

2 *Building digital capability*

Rank has built strong positions in venue-based gaming which we seek to replicate across our digital channels (online and mobile). In 2014/15, our digital operations generated 12% of Group revenue whereas digital channels now represent around 30% of Great Britain's gambling market (excluding National Lottery), presenting a significant growth opportunity. We recognise that we need to enhance our capability in this area if we are to meet the changing needs of our customers and to capture a greater share of the digital market.

Activity in 2014/15

- **Bede Gaming appointment:** Please see 'Creating a compelling multi-channel offer' section above.
- **New Mecca website with a single responsive and adaptive front end for desk top, tablet and mobile devices:** Through Mecca's insight into customer behaviour and preferences, Mecca was able to design, create and launch one of the UK's first responsive, adaptive and customisable digital bingo services consistent across all digital channels.
- **Continued focus on digital customer acquisition conversion and retention:** This contributed to digital revenue increasing by 21% and now accounts for 12% of Group revenue.
- **Single teams across marketing, mobile, design and user experience:** Following the appointment of Colin Cole-Johnson as group director of digital and cross-channel services, a shared service digital team was created across our brands to develop centres of expertise and remove unnecessary duplication.
- **Expansion of talent:** In addition to building a stronger cross-brand team the Group has hired a number of individuals with specific functional experience who have been involved in growing and transforming digital gaming businesses.
- **Decision to move Enracha to Bede Gaming:** As with Mecca and Grosvenor Casinos, it is important that Enracha's online operations are hosted on a suitable platform and cost efficiencies are realised. Therefore during the year the decision was made to also migrate Enracha's digital operations to Bede Gaming. Enracha's digital channel is planned to be re-launched by 2016/17.

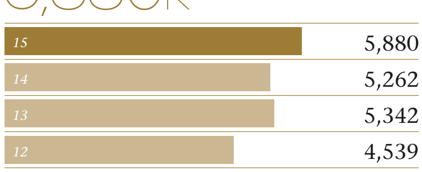
Priorities for 2015/16

- **Digital Poker product development:** As the UK's leading land-based poker operator we are looking to upgrade and improve our digital poker offer. Work will commence on this in the 2015/16 financial year.
- **Sports betting product:** Rank is looking to complement its leading gaming offer with a sports betting product via a third party partnership. We do not see this as a significant revenue opportunity for the Group but believe it will improve our offer to customers and can be done without significant cost.
- **New digital brands:** Work will commence on creating additional brands for our digital channels. These new brands will provide an opportunity to attract customers who are looking for something different to Mecca and Grosvenor Casinos.

Key performance indicators

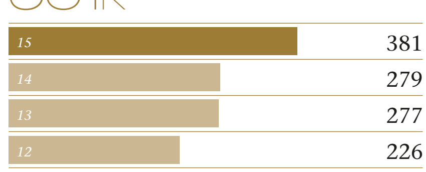
DIGITAL CUSTOMER VISITS

5,880K



DIGITAL CUSTOMER NUMBERS

381K



These figures do not exclude the duplication of customers who are customers of more than one brand.

3 *Developing our venues*

Our casinos and bingo venues remain the bedrock of Rank's business, providing entertainment for millions of customers each year and generating the majority of the Group's revenue and profits. By continuing to invest in our venues (in terms of product, environment and service) and by creating new ones, we are constantly evolving and enhancing the experiences that we offer to customers, and in doing so growing our revenue.

Activity in 2014/15

- **New casino opened in Southend:** In September 2014 Grosvenor Casinos opened a new 26.5k sq ft venue in Southend at a capital cost of £6.1m, comprising table gaming, slots and poker, with a restaurant area and bar outside the licensed gambling floor. Initial trading has been slower than expected since opening, but in recent months we have seen an improvement in trading.
- **Refurbishment of the Gloucester Road casino:** During the year our successful Gloucester Road casino in London was refurbished at a capital cost of £0.5m. This investment enabled us to protect one of our key venues within the competitive London casino market.
- **Oldbury casino licence:** As part of the Group's strategy to fully utilise its existing assets, a previously non-trading casino licence was opened in December 2014 alongside Mecca's Oldbury venue.
- **Refurbishment of our Bournemouth casino:** £1.4m was spent in the year on refurbishing the Bournemouth casino which was one of the 19 acquired from Gala Coral.
- **Luton 2005 Act:** Following Rank's successful bid for the 2005 Act casino licence in Luton, works are underway to refurbish and extend the current Luton casino to accommodate the permitted additional product. The total capital cost will be approximately £4.8m and is due to be completed by September 2015.
- **Light refurbishment of eight Mecca venues:** Capital investment into our Mecca venues was increased in the year following the reduction in bingo duty, with eight venues undergoing refurbishments at a total capital cost of £1.3m.
- **Enracha rebrand:** During the year three further venues in Spain were rebranded to Enracha at a capital cost of £0.6m.

Priorities for 2015/16

- **Commitment to three new bingo venues:** In line with our continuing commitment following the reduction in bingo duty, Mecca will continue to develop its venues offer with at least one new format venue to be opened in 2015/16.
- **Expansion of key casino sites:** As part of Grosvenor Casinos' on-going refurbishment programme, and dependent on planning, we expect to upgrade three to five existing casinos within the next financial year. As with previous casino refurbishments the aim will be to provide our customers with more modern product and an enhanced gaming experience. These upgrades will include our London Park Tower, Coventry and Nottingham casinos.
- **Grosvenor 'sparkles':** 18 Grosvenor Casinos venues will be enhanced in the year at a total cost of £4.5m. Each 'sparkle' will comprise numerous low cost investments ranging from new uniforms and carpets to upgrades of smoking terraces in each venue.
- **Light refurbishment of eight Mecca venues:** The increased capital investment in Mecca venues will continue into 2015/16 with eight additional venues receiving a refurbishment in the year at an estimated total capital cost of £2.1m.

Key performance indicators

VENUE CUSTOMER VISITS

22,112K

15	22,112
14	22,691
13	21,591
12	22,551

VENUE CAPITAL INVESTMENT

£24.7M

15	24.7
14	22.4
13	31.6
12	42.9

VENUE CUSTOMERS

2,973K

15	2,973
14	2,918
13	2,522
12	2,520

These figures do not exclude the duplication of customers who are customers of more than one brand.
2012/13 & 2011/12 customer data excludes the acquired casinos from Gala Coral.

4 *Investing in brands and marketing*

The development of a group of well-defined, relevant and resonant brands is critical for the success of our ambition. At Rank, we enjoy ownership of a number of well-known brands with strong levels of affinity amongst customers. We intend to invest more in the development of our brands and in the marketing support required to release their potential.

Activity in 2014/15

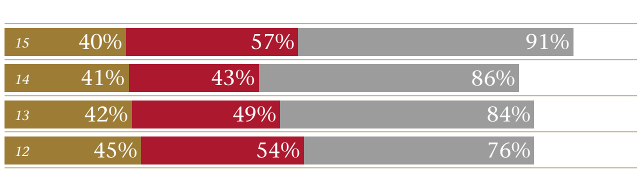
- **A single cross brand digital marketing team:** Please refer to the 'Building digital capability' section above.
- **New Mecca marketing director appointed:** Anna Shirley joined Mecca in August 2015 as marketing director for Mecca with responsibility for both Mecca's retail and digital channels. Anna brings a wealth of experience of both national and local marketing from some of the UK's leading brands such as Sainsbury's and Freemans.
- **New advertising agency appointed across both brands:** This will result in a more productive and efficient relationship.
- **New Mecca and Grosvenor Casinos TV adverts:** New adverts were aired in the period promoting both our digital and retail channels.
- **New Grosvenor Casinos logo design:** Following consultation with our customers we took the step to simplify the Grosvenor Casinos logo to improve its recognition and better accommodate its digital format.
- **Increased VIP teams in Grosvenor Casinos:** During the year VIP managers were deployed across our London venues. The managers are focused on improving customer care levels and VIP customer retention.
- **Increased marketing spend:** Total marketing spend, including free bets, increased by 19% to £75.5m in the year with a particular focus on TV advertising to promote multi-channel.

Priorities for 2015/16

- **Continue to incrementally increase marketing spend:** Overall marketing expenditure will increase but will be in keeping with increases in revenues and ensuring a return on marketing investment.
- **Review of our customer relationship management, business intelligence and insights capability:** The Group has access to a significant amount of data on how our customers interact with each of its brands. We will be starting work on implementing new ways of storing, accessing and interrogating this data, thus enabling us to react better to our customer needs and behaviours.
- **Review sponsorship opportunities:** The Group will look at further opportunities in the coming year to build on the sponsorship activity carried out in 2014/15 which contributed to improved brand awareness and in club events.

Key performance indicators

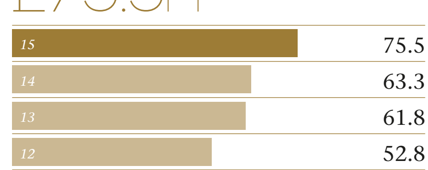
NET PROMOTER SCORE



Marketing spend includes free bets.

MARKETING SPEND

£75.5M



5 Using technology to drive efficiency and improve customer experience

The customer is at the heart of our focus on increasing the use of technology in our business and driving efficiency. By speeding up processes we can remove customer frustrations and by removing costs we can offer better value. Together, these will create important competitive advantages. We have identified a number of opportunities to harness technological developments to offer our customers more engaging experiences and to achieve sustainable growth in operating margins.

Activity in 2014/15

- **Server-based slots roll out in Mecca:** 1,000 new and 1,315 upgraded server-based machines were rolled out across 81 Mecca venues in the year, representing 44% of Mecca's gaming machines estate. These will provide an enhanced customer experience with high definition screens offering a wide choice of content and access to promotional features. These machines have Ticket In Ticket Out (TiTo) functionality to reduce cash handling costs.
- **Mecca Max roll out:** Mecca Max is a key component in the delivery of improved efficiency and profitability within Mecca's venues. By increasing the capacity more customers have the opportunity for electronic bingo, therefore reducing cash handling costs. 5,600 units were purchased in the year of which 2,200 units were incremental.
- **Bring Your Own Device ("BYOD") trial:** Please refer to the 'Creating a compelling multi-channel offer' section above.
- **Labour scheduling in Grosvenor Casinos venues:** A central rota system for Grosvenor Casinos was implemented in the year. The system enables management to monitor labour scheduling per venue and hence optimise allocation of labour resources.

Priorities for 2015/16

- **iBeacon trial:** iBeacon technology enables us to communicate with our customers via their mobile devices on entering one of our venues. A low cost trial will be carried out with an initial focus on establishing how many of our customers' devices are open to this method of communication.
- **Improved electronic roulette:** To increase spin rates and improve table choice, the Group is looking at ways to broadcast electronic roulette game play from one casino to another.
- **Cashless systems in our venues:** Mecca will be looking at ways to further reduce the amount of cash that is handled within its venues to decrease cash handling costs and meet our customers' growing needs.
- **Launch of progressive Blackjack jackpot:** We are rolling out a new progressive jackpot across our UK casino estate.

Key performance indicators

OPERATING MARGINS

12%

15	12
14	11
13	12
12	12

Before exceptional items.

TOTAL CUSTOMER VISITS

22,779K

15	22,779
14	23,131
13	26,933
12	27,090

2012/13 & 2011/12 data excludes the acquired casinos from Gala Coral and Blue Square Bet.

MANAGING OUR RISK RESPONSIBLY

How we manage risk

Rank operates a comprehensive risk management methodology which is closely integrated to its management structure to provide clear oversight and governance of the risks which are considered to be material to its business, and to maintain continual surveillance of its operating environment for emerging risks.

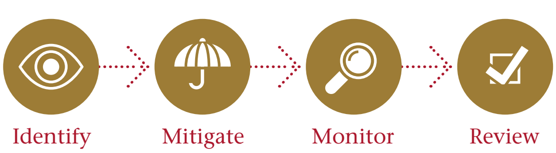
The approach endeavours to ensure that a clear risk appetite is set that balances risks and opportunities to contribute to the achievement of the Group's strategic objectives.

The board has responsibility for the risk framework and establishing the Group's risk appetite, as well as ensuring that risk controls are built into management's approach to operations. The audit committee holds the responsibility for assessing the effectiveness of the risk management systems which are in place and undertaking independent review of the risk mitigation plans which have been designed for material risks.

Rank's risk committee (further information can be found on page 56) meets on a monthly basis with a remit to conduct a thorough review of the risk register and to ensure that management are working effectively to identify and manage risks as they arise and on a continual basis. Working sessions of the committee are held with departmental and divisional management to ensure that risks are being identified in a timely manner and effective action plans put into place. This approach ensures that risk is identified in both a 'top-down' and a 'bottom-up' manner from the various management levels of the organisation to give assurance that risk registers are comprehensive.

Group internal audit works in support of the risk committee to help manage risk identification and conduct independent reviews of both the business' risks and its progress in performing the mitigating action plans agreed for any relevant risks, the status of which is reported to the risk committee monthly.

Our risk management process



Key areas of focus during 2014/15

- Anti-money laundering
- Compliance function
- Cyber security
- Digital change management
- Digital game, marketing and customer management
- Gaming win volatility
- Information security management
- IT function
- Property management
- Purchasing function
- Current key strategic projects

Risk management framework

Board
- Sets the Group's strategy
- Ensures appropriate risk controls and mitigation
- Sets risk appetite

Audit committee
- Reviews risk management process
- Reviews action plans to manage significant risks

Risk committee
- Reviews corporate risk register
- Carries out 'deep dive' reviews into specific departments' and support functions' risk registers
- Provides a forum to remedy lack of progress in making agreed risk-mitigation actions happen

Group internal audit function
- Carries out a risk-based programme of internal audits
- Maintains corporate risk register
- Assists business and support function departments in development and maintenance of their risk registers

ADDRESSING OUR RISKS

Regulatory, finance and tax risk

Risk	Impact	Mitigation
Regulation		
Adverse regulatory changes in legislation continue to represent a significant risk. Changes in political and social attitudes to gambling in our key markets and negative publicity surrounding the gambling industry could influence regulators' perception of gambling and could lead to increased gambling regulation.	*Increasing* Regulatory changes could increase the cost of doing business or limit the products and services we can offer.	We participate actively in trade bodies' representations to Government and opposition parties, and work to enable stakeholders to understand our business and its positive contribution to the economy and community. We continue to work hard to promote the Keep it Fun brand and website to customers, regulators and the public to de-mystify the perception of casinos, promote a safe environment for play and illustrate the Company's position in leading the industry in this field.

More information

Operating review 25
Tax fact file 40

Risk	Impact	Mitigation
Taxation		
Adverse changes in fiscal regulation continue to be a significant risk. From December 2014 we have been required to pay UK Remote Gaming Duty at a rate of 15% for the remote digital gaming business.	*Stable* Any increases in the levels of taxation or levies to which we are subject, or the implementation of any new taxes or levies to which we will be subject, could have a material adverse effect on our business, financial condition and results of operations.	Rank is a leading participant in its relevant trade organisations and takes an active part in all relevant consultations with Government.

More information

Tax fact file 40

Operational risk

Risk	Impact	Mitigation
New online gaming platform – transition and implementation		
The Group is in the process of replacing its online gaming platform, which is of significant strategic importance and represents the largest IT project underway. A supplier, Bede Gaming, has been selected. The key risks for this project include failure to: (a) specify correctly the Group's requirements with the result that the platform is not fit for purpose; (b) deliver the project on time and on budget; (c) conduct adequate testing to ensure that the platform is effective; (d) manage adequately the transition from the existing platform; and (e) provide for an appropriate exit strategy. *More information* Strategy and key performance indicators 15	*Increasing* This project is a key strategic enabler, so any failures in the delivery of the project risk having an adverse effect on the ability to optimise the digital platform and its associated business, consequently impacting profitability.	The project is now in the software development stage and has engaged appropriate experienced resources internally to support its delivery. The selected supplier is expert in its field and a professional project management and governance structure is in place to ensure that the schedule, budget and deliverables are tracked and monitored.
Volatility of gaming win		
Win percentages for gambling activities can vary over a short period of time, although they will stabilise over a longer period. The business is also vulnerable to the potential impact of a small number of customers who can create volatility from the level of their gaming win. Win percentages may also be affected by misfeasance or any other problems with the accurate running of the game. *More information* Operating review 25	*Stable* Gaming win margin directly impacts profitability.	Gaming limits are actively used to manage the exposure of the business at all times. Programmes are in place to manage high staking VIP customers through a dedicated VIP team and reward programmes exist to manage and incentivise loyalty. Resources, including a security team, are in place to review and detect misfeasance and any other operational difficulties with game play.
Loss of licences		
Rank's gaming licences are fundamental to its operation. In the British venues part of the business there is a requirement to hold an operator's licence from the UK Gambling Commission (the body responsible for regulating commercial gambling in Great Britain) in respect of each of the licensed activities undertaken. Additionally, it is necessary to hold premises licences from the relevant local authority in which each venue is situated, one for gambling activities and one for the sale of alcohol. Our UK customer facing transactional websites require a licence from the Alderney Gambling Control Commission. With effect from 14 September 2014, an operator's licence for our remote operations has been required from the UK Gambling Commission. Our operations in Spain and Belgium are also subject to licensing requirements in the jurisdictions and local areas in which they operate.	*Stable* The loss of licences could have an adverse effect on our business and profitability and prevent us from providing gambling services.	Rank has a dedicated compliance function that is independent of operations and a separate internal audit function that is independent of both operations and the compliance function. Rank maintains a strong and open relationship with the UK Gambling Commission and the other relevant regulatory bodies in all jurisdictions in which we operate.

Risk	Impact	Mitigation
Business continuity and disaster recovery		
Due to the venues based nature of much of the business, the Group's significant reliance on technology, and the criticality of staff in serving customers and running the business, serious disruptive events such as building fire, pandemic or serious technology failure may cause an interruption to the ability to operate elements of the business if business continuity and disaster recovery plans failed to operate successfully. *More information* Operating review 25	*Stable* If business continuity and disaster recovery plans failed to operate successfully the business would experience delays in recovering critical revenue generating activities or operational processes, such as financial reporting, causing both financial and reputational damage.	A Group business continuity plan is in place and regularly reviewed. Departmental plans are required for all critical departments and premises, and managed by the director of security. IT plans were reviewed in light of the transfer of risk arising through the engagement of IT outsourced supplier Tata Consultancy Services and suitable plans are in place for their operations.
Wage rise inflation		
We employ a large number of employees at or just above the minimum wage. The introduction of the national living wage will increase our costs. Further changes to employment regulations could have an adverse impact on the Group's results. *More information* Chairman's letter 6 Operating responsibly 34	*Stable* Changes generating significant employment cost inflation could negatively impact the Group's profitability.	Rank continually monitors the regulatory environment for changes with a view to ensuring that appropriate compensatory productivity improvements can be implemented and the additional costs minimised.

Information technology risk

Risk	Impact	Mitigation
Reliance on technology		
The Group is highly dependent on complex technology and advanced information systems with many interfaces and a significant number of separate suppliers. The pace of business change and development means that IT changes such as new software coding, systems enhancements and new software application integrations are undertaken continually and consequently these systems are inherently vulnerable to experiencing malfunctions, failures, or cyber attacks such as viruses or hacker intrusion. Comprehensive technology resilience and systems protection measures are in place but it is difficult to detect all threats and vulnerabilities in order to prevent all service interruptions and problems. *More information* Strategy and key performance indicators 15	*Stable* If our prevention measures for technology attacks should fail our reputation may be harmed and customers deterred from using our services which may in turn have a material adverse effect on our financial performance. Failures in service provision could also render the Group unable to serve customers during such service interruptions, again having an adverse effect on revenue and profit.	The IT outsourcing to Tata Consultancy Services has substantially enhanced the resources for providing business support and resilience around key systems. Over the past year a substantial amount of investment has been put into enhancing the security, network and application infrastructure and further work will continue into the coming year.

DEVELOPING OUR VENUES

Strategic priority
3

"We've developed our venues to offer the ultimate casino experience. Our table games, slot machines, electronic roulette and poker have been designed with our customers in mind. Not forgetting superb restaurants serving great food, and a late-night bar!"

Tom Docherty,
General Manager, Grosvenor Casino Southend

DELIVERING STRONG REVENUE GROWTH

Mark Jones,
Managing Director, Grosvenor Casinos

Market review – Great Britain

In the year to 30 September 2014, the British casino market generated £1,154 million in gaming revenue, representing around 16% of net consumer expenditure on gaming and betting[1].

Attendance levels continued to grow, with the number of visits rising to 21.0 million, up 3% from the previous year with a majority of the growth coming from London[1].

The average spend per visit has grown by 3% year on year (includes expenditure on food, drink, entertainment and gaming)[1].

Of the £1,154m of casino gaming revenue in the year to 30 September 2014, 86% was generated by table games and the remaining 14% by machines[1].

Source: 1 Gambling Commission, data for years ended 30 September.

Supply

As of 30 June 2015 the number of casino licences operating in Great Britain was 149. All but two of these casinos were licensed under the 1968 Act and when the 1968 Act was superseded by the 2005 Gambling Act ("the 2005 Act") the rights of these casinos were "grandfathered".

2005 Act casino – market status

During 2014/15 there was no significant progress made regarding the awarding of 2005 Act casino licences. Following the Group's successful bid for the Luton 2005 Act casino licence, a capital investment of £4.8m is currently underway to refurbish and extend the existing Luton casino. Works are due to be completed by September 2015. During the year Rank submitted its stage 2 application for the large 2005 Act casino licence in Southampton. Rank's application is currently under review by Southampton's council along with six other applications.

CASINO ATTENDANCE

21.0M

14	21.0
13	20.3
12	19.1
11	17.4

SPEND PER VISIT

£54.95

14	54.95
13	53.20
12	48.95
11	48.05

Grosvenor Casinos is the largest operator (by venues) of licensed casinos in Great Britain.

	July 2015		July 2014	
Operator	Casino venues	Licences	Casino venues	Licences
Grosvenor Casinos	58	77[1]	56	77[1]
Genting	41	56	40	56
Caesars Entertainment UK (fka London Clubs)	9	11	8	11
A&S Leisure	6	6	6	6
Double Diamond	6	7	5	7
Aspers/Aspinall's	7[1]	9[1]	7[1]	9[1]
Club 36	3	3	3	3
Clockfair	2	2	2	2
Guoco	1	2	1	1
Others	11	25	11	26
Total	**144**	**198[2]**	139	198[2]

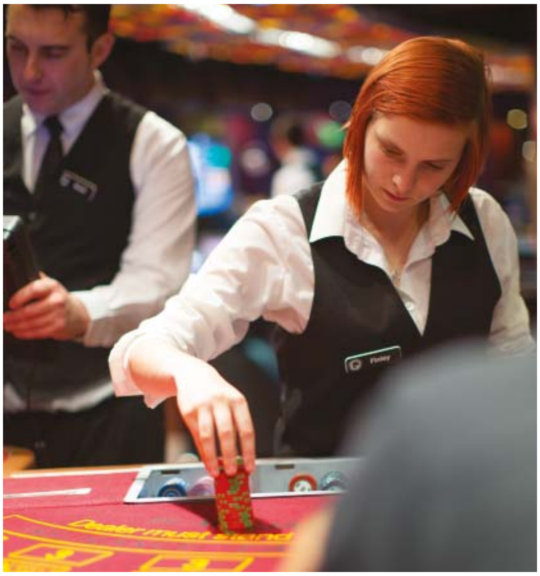
1 Includes 2005 Act casino licences.
2 Of which 149 licences were operating.
Source: National Casino Industry Forum.

Market – Casinos Belgium

At 30 June 2015 there were nine casinos in Belgium, operated by seven different companies. According to the most recent data from the Belgium regulator, the Commission des Jeux, the sector generated total revenue of €144m in 2013, up 2% on the prior year.

Licensed casinos in Belgium:

Operator	June 2015	June 2014
Grosvenor Casinos	2	2
Circus Groupe	2	2
Casinos Austria	1	1
Group Partouche	1	2
SGS Invest	1	–
Napoleon Games	1	1
DR Gaming Technology	1	1
Total	**9**	9



GROSVENOR CASINOS PERFORMANCE REVIEW

Grosvenor Casinos has performed strongly in the year across both channels. Total and like-for-like revenue were up 8%.

	2014/15	2013/14	Change
Total revenue[3] (£m)	**423.4**	391.2	8%
Venues	401.1	377.7	6%
Digital	22.3	13.5	65%
Total EBITDA[4] (£m)	**91.7**	80.9	13%
Venues	87.1	79.8	9%
Digital	4.6	1.1	318%
Total operating profit[4] (£m)	**66.5**	56.8	17%
Venues	63.4	57.7	10%
Digital	3.1	(0.9)	444%
Like-for-like revenue	**8%**		
Venues	6%		
Digital	65%		

3 Before adjustments for free bets, promotions and customer bonuses.
4 Before exceptional items.

A recovery in win margin in the second half of the year, bringing the full year back to a normal win margin, contributed to a 6% growth in retail revenue for the year. Operating profit grew by 10% principally due to an improved London performance despite a £1.4m increase in irrecoverable VAT (£0.8m relating to the prior year) and higher operating costs.

Following a successful bid, Grosvenor Casinos was awarded the 2005 Act casino licence for Luton in June 2014. The existing Luton casino will house the 2005 Act licence and, as a result, is currently undergoing refurbishment and extension works to accommodate the additional permitted product. The total capital cost will be approximately £4.8m and the works are due to be completed by September 2015.

On 25 September 2014, a new casino was opened in Southend at a capital cost of £6.1m. Initial trading has been slower than expected since opening, but in recent months we have seen an improvement in trading.

As part of our estate rationalisation programme aimed at improving long-term profitability, we closed two of our under-performing casinos. Our New Brighton casino was closed in July 2015 following a disappointing trading performance since its opening in April 2012. We also closed our smaller Osborne Road casino in Portsmouth in August 2015 and plan to transfer its licence to our highly successful Portsmouth casino at Gunwharf Quays. Subject to planning permission being granted the additional licence will be operating in H1 2015/16.

Digital continues to deliver strong revenue growth with revenues up 65% in the year. The brand maintained its focus on developing and improving its digital offer with 167 games launched in the year and its first multi-channel game launch. RGD was introduced from 1 December 2014 and despite this additional cost of £1.7m, the digital channel delivered a profit for the year after being loss making in prior periods.

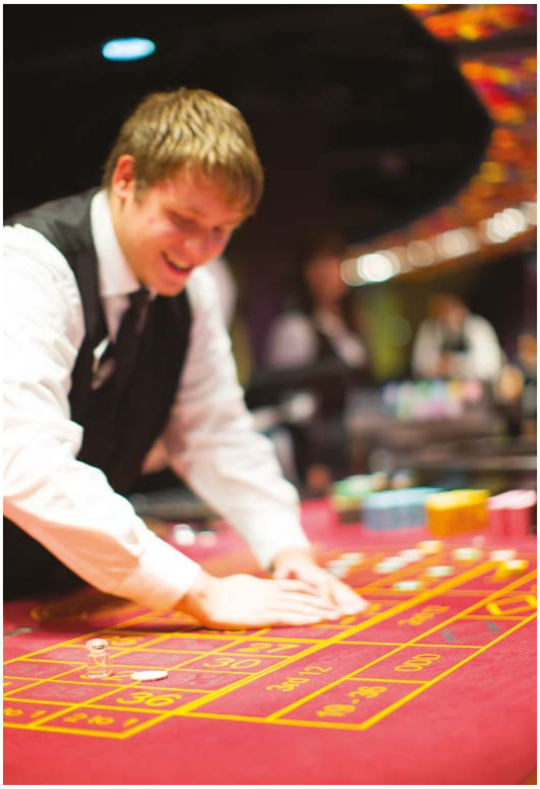
Key performance indicators

	2014/15	2013/14	Change
Total customers (000s)[1]	**1,817**	1,745	4%
Venues[2]	1,743	1,721	1%
Digital[2]	114	50	128%
Cross-channel customer cross-over[3]	**2.3%**	1.5%	0.8ppt
Total customer visits (000s)	**8,900**	8,579	4%
Venues	8,233	8,139	1%
Digital	667	440	52%
Total spend per visit (£)	**47.57**	45.60	4%
Venues	48.72	46.41	5%
Digital	33.43	30.68	9%
Total net promoter score	**40%**	41%	(1)ppt
Venues	40%	44%	(4)ppt
Digital	18%	7%	11ppt

1 Cross-over customers included only once and 2013/14 brand customer numbers have been restated to remove duplication relating to the acquired casinos.
2 Customers shown on a moving annual total ('MAT') basis.
3 Percentage of venues customers who are also digital customers.

Venues customers grew by 1% in the year driven by the London venues.

Digital customers and visit numbers continued to grow in the year, up 128% and 52% respectively. Mobile customers grew very strongly, up 132%, driven by investments, upgrades and the launch of a mobile app for our successful live casino.



	Customer visits (000s)		Spend per visit (£)		Revenue (£m)		Operating profit (£m)	
	2014/15	2013/14	**2014/15**	2013/14	**2014/15**	2013/14	**2014/15**	2013/14
London	**1,468**	1,452	**101.02**	90.56	**148.3**	131.5	**34.0**	27.9
Provinces	**6,506**	6,406	**36.83**	36.17	**239.6**	231.7	**28.6**	29.4
Belgium	**259**	281	**50.97**	51.60	**13.2**	14.5	**0.8**	0.4
Total	**8,233**	8,139	**48.71**	46.41	**401.0**	377.7	**63.4**	57.7

Venues regional analysis

The casinos estate is split into three key areas – London, Provinces and Belgium. To better illustrate the differences across the estate, the above analysis has been provided.

London performed strongly in the year with revenues up 13% driven by a stronger win margin and major player activity in H2. During the year Grosvenor Casinos' top 50 customers contributed approximately £4.6m of additional revenue compared to the average recorded over the last four years (including 2014/15). Operating profit grew by 22%.

Provincial revenue grew by 3% in the year driven by a 2% increase in customer visits. Excluding the impact from the opening of Southend, admissions were broadly flat against last year which is in line with the latest available data for the UK casino market. This lack of visit growth was disappointing and will be a focus for the coming year. Comparable revenue was up 2%, driven by increased spend per visit offset by a lower win margin. Disappointingly, operating profit fell by 3% in the year due to higher irrecoverable VAT, start-up losses at Southend, a lower win margin and other one-off costs.

Venues revenue analysis – Great Britain only

£m	**2014/15**	2013/14	Change
Casino games	**263.4**	247.5	6%
Gaming machines	**79.4**	72.9	9%
Card room games	**15.7**	14.7	7%
Food & drink/other	**29.3**	28.1	4%
Total	**387.9**	363.2	7%

Gaming machine revenue grew strongly in the year, up 9%, driven by product improvements in the prior period, particularly in the 19 acquired casinos. The London Poker Room (opened November 2013) was the key driver of the 7% increase in card room revenue.

More information online, visit
www.grosvenorcasinos.com

IMPROVING OUR OFFER

Martin Pugh,
Managing Director, Mecca

Market review

GAMING REVENUE FROM LICENSED BINGO CLUBS IN GREAT BRITAIN[1]

£659M

Source: 1 Gambling Commission, data for years ending 30 September.

	£m
Main stage bingo	117
Mechanised cash bingo	240
Prize bingo	5
Gaming machines	297
Total	659

Supply

The number of bingo clubs continues to decline with an estimated 10 clubs closing in the year.

At 30 June 2015, there were an estimated 370 bingo clubs operating in Great Britain[2], down from 380 a year earlier. Mecca remains the second largest operator of licensed bingo clubs in Great Britain, after Gala.

Operator	June 2015	June 2014
Gala Bingo	**130**	135
Mecca	**90**	96
Top Ten Bingo	**15**	15
Carlton Clubs	**13**	13
Castle	**11**	11
Club 3000	**11**	11
Beacon	**9**	9
Others	**91**	90
Total	**370**	380

Source: 1 Gambling Commission, **2** Bingo Association.

MECCA
PERFORMANCE REVIEW

Mecca's total like-for-like revenue rose by 2% in the year, with venues revenues flat and digital revenue up 11%.

	2014/15	2013/14	Change
Total revenue[1] (£m)	**289.6**	288.2	0%
Venues	**224.4**	229.3	(2)%
Digital	**65.2**	58.9	11%
Total EBITDA[2] (£m)	**57.2**	53.2	8%
Venues	**41.6**	34.9	19%
Digital	**15.6**	18.3	(15)%
Total operating profit[2] (£m)	**43.0**	37.0	16%
Venues	**28.9**	21.1	37%
Digital	**14.1**	15.9	(11)%
Like-for-like revenue	**2%**		
Venues	**0%**		
Digital	**11%**		

1 Before adjustments for free bets, promotions and customer bonuses.
2 Before exceptional items.

Like-for-like venues revenue benefited from an increase in spend per visit, driven by product enhancements, but this was offset by a 3% fall in like-for-like customer visits. This like-for-like revenue performance is pleasing as it follows two years of revenue declines. Total venues revenue fell in the period by 2% driven by the closure of six under-performing venues in the year. Operating profit increased by 37% due to lower operating costs, predominantly due to lower bingo duty and lower labour costs.

Investment in bingo

In line with the Group's commitments following the reduction in bingo duty to 10% the Group has invested in the following programmes in the year:

1. Investment in facilities

- Venue refurbishment programme recommenced: Total capital expenditure of £1.3m on refurbishing eight venues during the year, with a further eight refurbishments planned for 2015/16.
- New bingo venues: The Group remains committed to opening three new bingo venues. A new format club is currently in development and is planned to open in 2015/16. It will form part of Mecca's sustainable investment model and will leverage off Mecca's popular electronic bingo product offer.
- Increased maintenance expenditure: An additional £1.1m was spent in the year, a 85% increase on last year.
- WiFi upgrade: As part of the brand's drive to improve customer experience, WiFi trials were carried out in our venues in the year.

2. Improved value to customers

- Reduced main stage bingo pricing: £3.4m of the bingo duty saving was allocated to reduce the price of bingo books in the year.
- Enhanced customer prizes: £1.5m was spent on new in-venue events with enhanced prizes.

3. Improvement in product

- Mecca Max units: £2.2m was spent in the year on 5,600 new hand held Mecca Max units of which 2,200 were incremental.

Digital performed strongly in the year with revenues up 11%, driven by an increase in customer numbers and improved customer retention. Operating profit fell by 11% following the introduction of RGD on 1 December 2015, costing £4.9m in the year.

Key performance indicators

	2014/15	2013/14	Change
Total customers (000s)[2]	**1,141**	1,096	4%
Venues[1]	**961**	937	3%
Digital[1]	**267**	229	17%
Cross-channel customer cross-over[3]	**9.1%**	7.5%	1.6ppt
Total customer visits (000s)	**17,248**	17,429	(1)%
Venue	**12,035**	12,607	(5)%
Digital	**5,213**	4,822	8%
Total spend per visit (£)	**16.79**	16.54	2%
Venues	**18.65**	18.19	3%
Digital	**12.51**	12.21	2%
Total net promoter score	**57%**	43%	14ppt
Venues	**62%**	47%	15ppt
Digital	**30%**	21%	9ppt

1 Customers shown on a moving annual total ('MAT') basis.
2 Cross-over customers included only once.
3 Percentage of venues customers who are also digital customers.

Venues continued to increase the number of customers in the year, up 3%. Total visits fell by 5% due to a continued decline in visit frequency.

However, following the closure of under-performing venues in the year, like-for-like visits decline was lower at 3%. As highlighted in our interim announcement, the rate of decline in visits has slowed compared to the 7% decline seen in the prior year.

Six loss-making venues were closed in the year as part of Mecca's drive to create a more profitable and sustainable venues estate. The impact on operating profit of these closures is small; however, management time savings are more significant. Two further venues were closed after the year end and one further closure is planned for 2015/16.

Digital customers numbers grew by 17% in the year following a successful TV campaign and a more competitive sign up bonus. During the year significant investment was made into the mobile product to support the brand's increasing number of mobile customers, up 49%, who now account for 70% of Mecca's digital customer base.

Venues revenue analysis

£m	2014/15	2013/14	Change
Main stage bingo	**31.4**	35.1	(11)%
Interval games	**92.9**	94.7	(2)%
Amusement machines	**73.5**	73.8	0%
Food & drink/other	**26.6**	25.7	4%
Total	**224.4**	229.3	(2)%

The roll out of the 1,000 server based gaming machines was completed in the year along with the conversion of 1,315 machines to TiTo functionality.

More information online, visit
www.meccabingo.com

ENRACHA
PERFORMANCE REVIEW

Our Spanish brand, Enracha, has performed well in the year, with like-for-like euro revenue up 9%.

	2014/15	2013/14	Change
Total revenue (€m)	**33.4**	34.0	(2)%
Revenue (£m)	**25.3**	28.3	(11)%
EBITDA[4] (£m)	**4.1**	2.9	41%
Operating profit[4] (€m)	**3.4**	1.0	240%
Operating profit[4] (£m)	**2.6**	0.8	225%

4 Before exceptional items.

Operating profit continues to benefit from tax de-regulation and tighter cost control. Enracha's Sterling revenue fell by 11% in the year due to the adverse exchange rate and the reduction in the number of venues.

Enracha's venue in Girona continues to benefit from reduced competition and, due to the sustained improvement in profitability, a £1.6m impairment reversal has been recognised in the year.

During the year three more venues were converted to the Enracha brand at a capital cost of £0.6m. Enracha will look to re-launch its digital channel by 2016/17 following its migration onto the Bede Gaming digital platform.

Key performance indicators

	2014/15	2013/14	Change
Customers (000s)[5]	**269**	260	3%
Customer visits (000s)	**1,844**	1,945	(5)%
Spend per visit (€)	**18.11**	17.48	4%
Spend per visit (£)	**13.72**	14.55	(6)%
Net promoter score	**91%**	86%	5ppt

5 Customers shown on a moving annual total ('MAT') basis.

Venues revenue analysis

€m	2014/15	2013/14	Change
Bingo	**19.1**	20.3	(6)%
Amusement machines	**11.7**	10.8	8%
Food & drink/other	**2.6**	2.9	(10)%
Total	**33.4**	34.0	(2)%

"Exciting times ahead for the Grosvenor Casinos' team as we seek to capture the attention of the nation's casino lovers."

Aaron O'Sullivan,
Head of Digital Marketing

INVESTING IN BRANDS AND MARKETING

Strategic priority
4

"We have big ambitions for our multi-channel business. Our new Mecca TV advert reflects this and talks to our customers. It has a really fun vibe and demonstrates that players can now enjoy an optimised mobile game."

Jonathan Bowden,
Senior Digital Marketing Manager

OUR COMMITMENT TO OPERATING RESPONSIBLY

Our areas of focus

Our customers – Responsible gambling

Rank's purpose is for our customers to enjoy our products responsibly.

How it affects our performance and position

Rank is very much aware that, whilst the principal purpose of our businesses is to provide an exciting and entertaining experience for our customers, there is also a need to protect those few customers who may be most at risk of gambling-related harm.

With that in mind, Rank continues to develop its pioneering responsible gambling policy under the award winning "Keep it Fun" banner. This is designed to make information about playing responsibly easily accessible to all customers, not just those with the potential to develop problems.

Innovative means of communicating information in accessible ways include the use of film clips both on our dedicated http://keepitfun.rank.com website and sent out as social media messaging, along with the display of the Keep it Fun logo and website address on all casino gaming tables.

Our policies and actions

At Rank, our approach is to seek a more sophisticated understanding of the problem and to use that understanding to tackle gambling-related harm.

- Understand through research and engagement
- Influence customer behaviour through communication
- Provide safeguards and intervene where problems arise
- Support treatment and counselling

More information online, visit
http://keepitfun.rank.com

"Rank's people are its greatest asset and are the main reason why people choose our brands and stay with us."

Our employees

Rank is made up of 11,000 enthusiastic and committed individuals, who have a desire to deliver the best experience for our customers.

How it affects our performance and position

Our people bring our brands to life by striving to deliver a market leading gaming experience. Rank's people are its greatest asset and are the main reason why people choose our brands and stay with us.

We understand that the support and development of our staff are critical if we are to achieve our strategic goals.

Our policies and actions

Training
During 2014/15, we invested £635,000 in delivering 270,000 hours of training to our employees, helping them to develop the skills required to do their jobs.

Career development
Our career development programme is designed to enable our employees to progress within Rank, offering mobility between brand and Group teams, and the opportunity to work within different areas of operation and to participate in cross-group projects.

During 2014/15, nearly all team members participated in career development training. In addition, 861 of our employees achieved a promotion in the year.

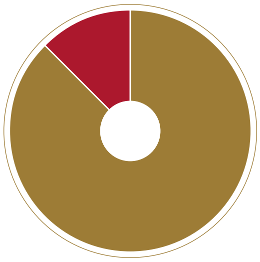
Leadership and engagement
Rank's senior management team has an obligation to the Group's employees to set clear direction and expectations and to provide regular and motivational feedback. Our team member engagement scores tell us how effective we are in meeting this need. In 2014/15, team member engagement was in line with that seen in the prior year, at 79%.

Health and safety
We at Rank understand that we must keep our employees and customers safe at all times. We recognise the challenges and look continually to improve our approach to health & safety in order to promote a positive and understood culture which in turn will help eliminate and reduce injuries and ill health.

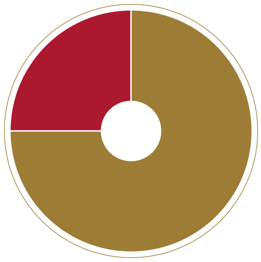
We will provide our employees with the tools required to carry out their work safely and we encourage our employees to be both passionate and practical about keeping themselves, our customers and our sites safe at all times.

We encourage our employees to advise us of any health and safety issues in their workplace so that we can look at eliminating or reducing the risk and finally we will all work together to reduce health and safety risks to a minimum.

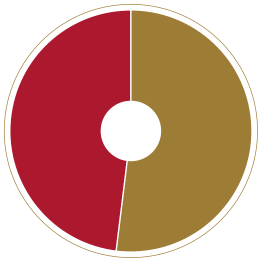
Gender diversity



BOARD	
Male	7
Female	1
Total	8



SENIOR MANAGEMENT[1]	
Male	30
Female	10
Total	40



WHOLE COMPANY	
Male	5,530
Female	5,099
Total	10,629

1 Senior management is as defined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and includes: i) persons responsible for planning, directing or controlling the activities of the company, or a strategically significant part of the company, other than company directors and ii) any other directors of undertakings included in the consolidated accounts.

More information online, visit
www.rank.com/en/responsibility.html

We will never be able to reduce risk or achieve high standards of health and safety without the active involvement of staff at all levels; from directors and heads of departments developing, resourcing and driving risk reduction methods and feeding back those methods to our employees. By listening to our employees and our customers and by analysing the accidents that occur, our appreciation of risks will evolve as will our approach to help improve health and safety at Rank.

Diversity
Rank is committed to providing equal opportunities for all of our employees. Our diversity policy ensures that every employee is treated equally and fairly and that all employees are aware of their responsibilities.

The policy confirms that there will be no direct or indirect discrimination in respect of age, disability, religious belief, gender, sexual orientation, race, colour, marital status, political belief and nationality, or any other category defined by law in all aspects of employment including recruitment, promotion, and opportunities for training, pay and benefits.

Please refer to page 50 which outlines the board's diversity policy.

The charts on page 34 provide a breakdown of the gender of directors and employees at the end of the financial year.

Disability
Rank is committed to ensuring that people with disabilities are supported and encouraged to apply for employment with the Group and to achieve progress whilst employed. Disabled persons will be treated so that they have an equal opportunity, so far as is justifiable, to be selected, trained and promoted.

In order that people with disabilities may have an equal opportunity of being recruited, the Group strictly applies its Equal Opportunities and Recruitment Policies. In particular, Rank takes reasonable steps to ensure that interview arrangements are such that disabled persons may attend without embarrassment or difficulty. It also ensures that any enquiries made about an applicant's health prior to offering a job are limited to establishing whether the applicant will be able to comply with a requirement to undergo an interview or other assessment; whether a duty to make reasonable adjustments is, or will be, imposed on the Group in relation to the applicant in connection with a requirement to undergo an interview or other assessment; whether the applicant will be able to carry out a function that is intrinsic to the work concerned; or for the purpose of monitoring diversity in the range of persons applying to the Group to work. The Group is also committed to making such reasonable adjustments to premises, work practices and equipment as are necessary to enable a disabled person to take up employment with Rank.

Career development opportunities are communicated as appropriate to all employees and those with disabilities are encouraged to apply as detailed in the Group's Equal Opportunities Policy. Both internal and external training opportunities are provided where they are appropriate to employees' current occupations or potential opportunities and to the needs of the business. Where appropriate, outside training providers are required to demonstrate that they are able to accommodate persons with a disability before the Group will approve their usage. The provision of internal courses is relocated as necessary in order to ensure that persons with disabilities may attend, and the human resources department is responsible for making suitable arrangements with regard to the venue of the event or to the format in which any supporting course materials are provided.

During performance appraisal meetings in particular, managers are required to pay special attention to the views of disabled employees on career development issues such as access to training/development events and/or opportunities, and are expected to enquire whether there is anything that the Group may reasonably do to help the person develop and use their abilities at work.

> *"We challenge all of our teams to consider what they can contribute to the communities that they serve."*

Where an employee becomes disabled, whether through accident, illness or injury, every reasonable and practicable consideration will be given to ensuring that they may remain in employment. Any situations involving an employee who becomes disabled require the involvement of human resources, who monitor the employee's disability and provide advice during their ongoing employment. The Group may take a variety of steps to enable continuing employment, for example making adjustments to premises; transfer to an alternative position which is vacant or to a different location/place of work; alteration of working hours; time off during working hours for rehabilitation, assessment or treatment; training and/or re-skilling; modification or purchase of appropriate equipment; and provision of supervision and assistance. All necessary advice and counselling will be provided for the employee concerned by human resources, who will also consult external specialist organisations as appropriate. The Group welcomes suggestions from disabled employees regarding adjustments which could assist with their ability to undertake their role.

Human rights

Given the nature of our business and its geographical spread we have not included information on human rights issues as required by the Companies Act 2006 Regulations 2013. The Group does take into account the rights provided by the Human Rights Act 1998 and the European Convention on Human Rights and Fundamental Freedoms in its policies and in how it operates. In an employee context, for example, the right to a private and family life is taken seriously and this is reflected in relevant employee policies.

Our communities

Rank has continued its long history of community involvement and charitable fund raising.

How it affects our performance and position

Our venues are often cited as "community hubs" – particularly our Mecca venues. We challenge all of our teams to consider what they can contribute to the communities that they serve.

Our policies and actions

In February 2014, we launched Rank Cares to support the work of the Carers Trust to help those who help others in need of care. Around three out of every five people in Britain today provide care for another – often a sick or elderly relation. The Carers Trust provides support, advice and relief for those undertaking what is often very physically and emotionally draining work.

We have set ourselves a target of raising £0.9m for the Carers Trust and at 30 June 2015 we had raised £0.8m. The funds are distributed within the communities in which they are raised, via a series of grant panels.

To celebrate Rank Cares raising over £0.5m a thank you and celebration event was held in March 2015. In her capacity as president of Carers Trust, The Princess Royal attended to give her thanks and to hand out some awards.

In addition, Rank Cares provides a framework for team members to volunteer their time to help the Carers Trust, often utilising hidden talents to bring relief and happiness to these selfless carers.

During 2014/15, Rank also participated in activities to support the following organisations:

~ Dame Kelly Holmes Trust;
~ Cancer Research; and
~ Other local charities.

"Food waste segregation and collection has been rolled out across the venues estate with a resultant improvement in landfill diversion."

More information online, visit
www.rank.com/en/responsibility.html

	Year ended 30 June 2015			Year ended 30 June 2014		
	Tonnes of CO_2e[1]	**%**	**Tonnes of CO_2e/£m revenue**	Tonnes of CO_2e[1]	%	Tonnes of CO_2e/£m revenue
Scope 1						
Constitutes gas use (plus gas oil use in Belgium), owned transport and fugitive F-gas emissions	**17,833**	**25**		17,677	24	
Scope 2						
Comprises electricity generation	**38,556**	**53**		42,601	57	
Scope 3[2]						
Comprises waste, materials use, flights, electricity transmission and distribution	**15,928**	**22**		14,609	19	
Outside of scopes[3]						
Represents the biogenic proportion of petrol and diesel	**46**	**–**		39	–	
Total	**72,363**	**100**	**103.3**	**74,926**	**100**	**110.4**

1 CO_2e is a universal unit of measurement used to indicate the global warming of greenhouse gas expressed in terms of global warming potential of one unit of carbon dioxide.
2 Well-to-tank emissions for fuels (electricity, gas, petrol, diesel, and aviation fuel), which would sit within scope 3, are not included in this report.
3 This is categorised as outside of scopes rather than scope three in line with the Defra 2015 emission factor guidance.

Rank and the environment – Greenhouse gas (GHG) emission

This is the fourth year of like-for-like reduction in gas and electricity consumption achieved by the various initiatives coordinated via our internal opportunities database as well as assistance from our team members on site.

We are now in our sixth year of monitoring electricity and gas through Automatic Meter Reading ("AMR") and are looking to renew the gas AMR equipment across the estate. We have now also installed water AMR in the majority of our Scottish clubs.

Half hourly gas and electricity data is issued weekly to the managers of each venue and to our Environmental Champions (one per venue) and in addition we communicate via our dedicated environmental website and regional road shows held annually.

Food waste segregation and collection has been rolled out across the venues estate with a resultant improvement in landfill diversion. This currently stands at 78.42% and we envisage being well over 80% by December 2015.

Our Energy Savings Opportunity Scheme ("ESOS") surveys have been completed and we are about to review the data to identify our next set of opportunities.

We are progressing with new control systems and strategies as we replace old R22 chillers or other equipment as well as on-going reviews of new technologies.

IMPROVING PERFORMANCE

"A significant improvement in financial performance driving increased dividends to shareholders and debt reduction."

Clive Jennings,
Finance Director

Delivering for shareholders

Group revenue for the 12-month period from continuing operations rose by 4% to £738.3m, while Group operating profit before exceptionals of £84.0m was 16% higher than the prior period.

Adjusted net interest payable for the 12 months was in line with the prior period.

Adjusted earnings per share was up 18% year on year at 14.6p.

Taxation

The Group's effective corporation tax rate on continuing operations was 22.9% (2013/14: 22.2%) based on a tax charge of £17.0m on adjusted profit before taxation and a tax credit on exceptionals of £1.3m. The Group's effective corporation tax rate for 2015/16 is expected to fall within the range of 21% to 23% as a result of the reduction of UK corporation tax rates.

The Group had a cash tax rate of 3.0% on adjusted profits following refunds received in the year. These arose following the submission of the 2012/13 tax returns which included the amusement machines VAT repayment to HM Revenue and Customs ("HMRC"). Taking into account this refund, the adjusted cash tax of 15.6% reflects the utilisation of capital allowances and losses in the Group (2013/14: 16.7%). This adjusted cash tax rate was in line with management's expectations. The Group is expected to have a cash tax rate of 17.5% to 20.0% in 2015/16, excluding any tax payable on the resolution of a number of legacy issues. This is lower than the Group's effective corporation tax rate due to the utilisation of capital allowances and losses in the Group.

Rank's appeal regarding claims for overpaid VAT on certain types of amusement machines was heard at The Supreme Court on 21 April 2015. The Supreme Court's decision, which is final, was subsequently released on 8 July 2015 in favour of HMRC. Rank repaid £25.2m of the £30.7m received in connection with these claims to HMRC in May 2014 and has fully provided for the remainder. As a consequence, the decision has no impact on Rank's financial performance or balance sheet strength in 2014/15 or future periods.

As highlighted in last year's report, the Group previously participated in a disclosed tax avoidance scheme. The scheme will be litigated through the courts and the case is expected to be heard in December 2016. Under new tax rules implemented last year, HMRC can request payment of the amounts under dispute in advance of any Tax Tribunal. The Group has still not yet received any request for payment, with the amounts at dispute worth up to £21.7m excluding any interest due.

Cash flow

	12 months to 30 June 2015 £m	12 months to 30 June 2014 £m
Continuing operations		
Cash inflow from operations	**154.5**	107.2
Capital expenditure	**(31.9)**	(44.3)
Fixed asset disposals	**1.5**	0.3
Operating cash inflow	**124.1**	63.2
Discontinued operations	**–**	(0.6)
Net acquisitions and disposals	**(0.1)**	1.1
Net cash payments in respect of provisions and exceptional items	**(7.9)**	(6.7)
	116.2	57.0
Net interest and tax payments	**(9.7)**	(15.5)
Settlement of legacy tax issues	**–**	(56.6)
Net dividends paid	**(18.6)**	(16.4)
New finance leases	**–**	(2.3)
Convertible loan payment	**(2.4)**	–
Other (including foreign exchange translation)	**(1.3)**	0.9
Cash inflow / (outflow)	**84.1**	(32.9)
Opening net debt	**(137.0)**	(104.1)
Closing net debt	**(52.9)**	(137.0)

More information

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Exceptional items

In order to give a full understanding of the Group's financial performance and aid comparability between periods, the Group reports certain items as exceptional to normal trading.

Full details of the Group's exceptional items are provided in note 4.

Financial structure and liquidity

At 30 June 2015, net debt was £52.9m compared with net debt of £137.0m at 30 June 2014. The net debt comprised £120.0m in bank term loans in respect of the acquisition of the former Gala casinos, £8.6m in fixed rate Yankee bonds, £11.8m in finance leases and £2.1m in overdrafts, offset by cash at bank and in hand of £89.6m.

The Group's banking facilities comprise two £60.0m bi-lateral term loans (reduced from £70.0m in the year) and four £20.0m bi-lateral revolving credit facilities with its relationship banks totalling £200.0m. These facilities require the maintenance of a minimum ratio of earnings before interest, tax, depreciation and amortisation ('EBITDA') to net interest payable; a minimum ratio of EBITDA plus operating lease charges to net interest payable plus operating lease charges; and a maximum ratio of net debt to EBITDA, tested quarterly and biannually depending on the facility. The Group has complied with its banking covenants.

The Group's term loans and revolving credit facilities are due to expire in May 2016 and January 2017 respectively. The Group has been working with its relationship banks and anticipates replacement facilities will be signed shortly.

The Group's balance sheet continued to strengthen in the year with leverage falling from 1.2 times to 0.4 times at 30 June 2015.

Capital expenditure

	12 months to 30 June 2015 £m	12 months to 30 June 2014 £m
Cash:		
Continuing operations		
Grosvenor Casinos	**15.9**	35.5
Mecca	**9.5**	5.9
Enracha	**0.9**	1.3
Central	**5.6**	1.6
	31.9	44.3
Finance leases:		
Mecca	**–**	2.3
Total capital expenditure	**31.9**	46.6

During 2014/15, Rank invested £8.8m in making improvements to its Grosvenor Casino venues; this included £4.0m to complete the new Southend casino that opened in September 2014, £1.4m on a major refurbishment of its Bournemouth casino (ex-Gala Coral), £0.5m to modernise its London Gloucester Road casino and £0.9m on works to extend and refurbish its Luton casino to accommodate the awarded 2005 Act casino licence. Grosvenor Casinos also spent £1.3m on rolling out the brand's loyalty scheme, Play Points, across the acquired venues from Gala Coral, £2.3m on a variety of IT upgrades, and £0.9m on developing its digital channel with the balance on minor capital works.

Mecca increased its level of investment into its venues estate in line with its commitment to HM Treasury following the 10% reduction in bingo duty. A total of £9.5m was spent in the year which included £1.3m on venue refurbishments and £2.2m on Mecca Max units. £1.9m was also invested in the brand's digital channel with the majority spent on re-designing the meccabingo.com website and app development.

Central capital expenditure of £5.6m included £3.4m on migrating the Group's digital business to its new platform provider, Bede Gaming.

During 2015/16, we plan to invest approximately £50m.

Total capital committed at 30 June 2015 was £2.8m, of which £1.4m related to completing the extension and refurbishment of Grosvenor's Luton casino and £1.0m related to the new online gaming platform.

Going concern

In adopting the going concern basis for preparing the financial information, the directors have considered the issues impacting the Group during the period as detailed in the strategic report on pages 1 to 43 and have reviewed the Group's projected compliance with its banking covenants detailed above. The Group is in the advanced stages of negotiating replacement bank facilities and, based on the Group's cash flow forecasts and operating budgets, the directors believe that the Group will generate sufficient cash to meet its requirements for at least the next 12 months from the date of approval of the financial statements and comply with its banking covenants.

CONTRIBUTING TO OUR COMMUNITIES

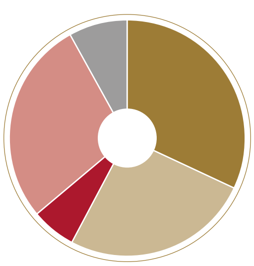
Rank is committed to contributing to the communities and economies where it is established; this includes paying tax.

Taxation

In the year 2014/15 the Group's businesses have generated £159.6m (2013/14: £189.4m) for the UK Exchequer and local government in direct and indirect taxes and local business rates. The year-on-year reduction is due to lower corporation tax payments. Rank has provided employment to 11,000 (2013/14: 11,000) people across the Group. The broader impact of Rank's operations, including taxes paid by supplier companies, is harder to quantify but no less significant.

Taxation represents a significant proportion of the Group's total outgoings, as can be seen from the chart below:

TAXATION



Group taxation	32%
Employment costs	26%
Depreciation/amortisation	6%
Payments to suppliers	28%
Other	8%

Tax strategy

Rank's tax strategy is to fully comply with statutory tax obligations and maintain good relationships with tax authorities, to partner the business in providing relevant tax advice and to enhance shareholder value.

Rank operates in a highly regulated and highly taxed industry and aims to engage effectively with governments to ensure that Rank's economic and societal contributions are understood and valued.

It remains Rank's objective to ensure that all taxes are correctly accounted for and that tax returns are completed accurately and on time and that any tax liabilities are paid. There are sufficient processes and controls in place to ensure that this objective is met. Rank has continued to progress and resolve certain current and historic tax issues in the UK and abroad in the past year through working co-operatively with the local tax authorities. The Group aims to conclude tax audits as quickly as possible whilst also defending its position robustly with a view to protecting shareholder value and taking into account the cost of defending audits in relation to the amounts of tax at stake.

The Group's tax strategy is regularly reviewed and approved by the Board and supported by the use of appropriate advisors. Where disputes arise over the interpretation and application of tax legislation, the Group will seek to resolve any differences by discussing the merits of its position with the relevant tax authority. In the event that agreement cannot be reached, Rank will consider litigation provided that the grounds of appeal stand a good chance of success and that there is sufficient tax at stake to warrant the cost of litigation.

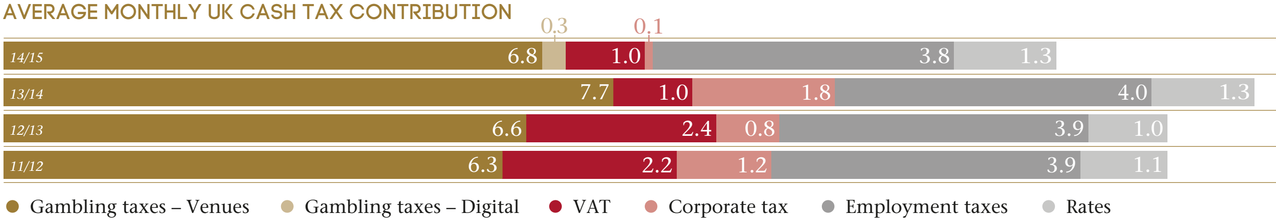
Effective tax rate

The Group's effective corporation tax rate in 2014/15 was 22.9% (2013/14: 22.2%) based on a tax charge of £17.0m on adjusted profit before taxation. This is in line with the Group's anticipated effective tax rate of 22% to 24%. The effective corporation tax rate for 2015/16 and future periods is expected to be 21% to 23%, reducing in line with the reduction to UK corporation tax rates but remaining 1% to 3% above the UK statutory tax rate as a result of some overseas profits being taxed at higher rates and depreciation of assets that do not qualify for capital allowances. Further details on the taxation charge are provided in note 7.

Cash tax rate

In the year ended 30 June 2015 the Group had a cash tax rate of 3.0% on adjusted profits following refunds received in the year. These arose following submission of the 2012/13 tax returns which included the amusement machines VAT repayment to HMRC. Taking into account this refund, the adjusted cash tax rate of 15.6% on adjusted profits reflects the utilisation of capital allowances and losses in the Group (2013/14: 16.7%). The Group is expected to have a cash tax rate of approximately 17.5% to 20.0% in the year ended 30 June 2016, excluding any tax payable on the resolution of a number of legacy issues. This is lower than the Group's effective corporation tax due to the utilisation of capital allowances and losses in the Group.

AVERAGE MONTHLY UK CASH TAX CONTRIBUTION



Gaming tax reform

Rank considers that the current tax regime for gaming in Great Britain remains unduly complex, which has resulted in volatility in the past. For instance, our roulette based product attracts duty rates that vary from 15% to 50% of Gross Gaming Revenue depending which venues they arise in. Rank is in favour of a simpler regime that encourages sustained growth and investment.

More details of Rank's position are detailed in our paper 'Responsible Taxation: Fairness, Responsibility and Sustainability' which is available at www.rank.com.

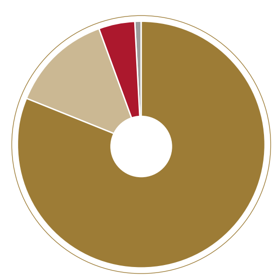
From 1 July 2014 , the rate of bingo duty reduced from 20% to 10%. The reduction provided an important boost for Britain's bingo clubs, which provide a range of social and economic benefits for the communities they serve. By reducing the rate of bingo duty, the government has created the basis for Rank's increased investment and innovation in the bingo sector and Rank has committed to a programme of further investment and job creation in its bingo clubs as a direct consequence of the reduction in duty. For further detail on investments made in the year refer to Mecca's operating review on pages 30 to 31.

In Budget 2014 it was also confirmed that remote gambling would be taxed on a place of consumption basis from 1 December 2014. Tax at 15% is now payable on any gambling revenue generated from consumers in the UK, which is the overwhelming majority of the Group's digital revenue.

Spain

In 2011, the Spanish government invited online operators to apply for remote gaming licences and introduced tax changes which levied gaming duty on a place of consumption basis. Remote gaming duty was introduced at a rate of 25% of revenue. This differs from the taxation of land-based businesses, which although taxed at similar rates (of between 12% to 25%), are taxed on stakes received rather than revenue generated. Rank currently does not generate online revenue in Spain.

CASH TAX CONTRIBUTION BY TERRITORY



UK	£159.6m
Spain	£25.7m
Belgium	£9.6m
Gibraltar	£1.2m

Belgium

The Belgian government introduced a taxation and licensing framework for online gaming companies in 2011. Companies may only apply for an online gaming licence in Belgium if they already hold a land-based gaming licence and are subject to remote gaming duty at a rate of 11%. Rank holds two digital licences that it allows two third party operators to use in exchange for a revenue share.

VAT claims

Since 2006, Rank has invested significant resource in pursuing litigation to reclaim overpaid VAT. In all, Rank has received £284.2 million of VAT and interest relating to this litigation. Following five rulings in Rank's favour from the UK courts, Rank's case was referred to the Court of Justice of the European Union ("ECJ"). The decision of the ECJ was published on 10 November 2011. The decision led HM Revenue & Customs to concede the bingo element of Rank's claims. However, the element of Rank's claim relating to amusement machines (totalling £30.7m) was referred back to the UK courts. Rank's case was heard at the Court of Appeal in May 2013 with the decision being found in HMRC's favour. Following the Court of Appeal decision, Rank repaid amounts to HMRC in respect of the claim.

Rank was granted permission to appeal to The Supreme Court and this hearing took place in April 2015. The Supreme Court released its decision in July 2015, in which it decided in favour of HMRC and the decision, which is final, concludes this litigation. Rank had fully provided for the amounts to be repaid in the 2013/14 and consequently the decision has no impact on Rank's financial performance or balance sheet strength in 2014/15 or future periods.

At present, HMRC accepts that taxpayers are entitled to receive interest on repayments caused by HMRC's error. Such interest is calculated on a simple basis. However, there is ongoing litigation that such interest should be calculated on a compound basis. The UK High Court (having been referred back by the Court of Justice of the European Union ("ECJ")) found in favour of the litigant and HMRC appealed the decision. The appeal was heard at the Court of Appeal in March 2015, with the Court of Appeal releasing its decision in May 2015, in which it agreed with the High Court's decision. HMRC are, however, likely to seek permission to appeal to The Supreme Court. Rank has made a protective claim for compound interest, which if successful could be worth in excess of £100m. It is possible that Rank may be required to take separate litigation even if the litigant is ultimately successful as HMRC consider that the existing judgment is not clear enough or general enough to be applied to other claimants.

UK tax regime

	Gaming duty/Gross profits tax[1]
Mecca	
Category B3 gaming machines	20%
Category C gaming machines	20%
Category D gaming machines	5%
Main stage bingo	10%
Interval bingo	10%
meccabingo.com[2]	15%
Grosvenor	
Casino games and poker	15% – £0 to £2,347.5k
(tax on gaming win in a six month period[1])	20% – £2,347.5k to £3,965.5k
	30% – £3,965.5k to £6,799k
	40% – £6,799k to £12,780k
	50% – over £12,780k
Category B1 gaming machines	20%
grosvenorcasinos.com[2]	15%

1 Duty bands are effective from 1 April 2015.
2 Rank's online business is based offshore (Alderney, Channel Islands) and has been subject to UK remote gaming duty with effect from 1 December 2014.

Spanish tax regime

	Bingo duty[1]	Remote Gaming Duty	VAT	Licence (annual average)
Bingo tax set by region	12% to 25%	–	–	–
Category B2/3 gaming machines	–	–	–	€3,650
Multi-post electronics	–	–	–	€10,600
enracha.es	–	25%	–	–

1 Calculated as a percentage of stake.

Belgian tax regime

	Gaming duty	VAT	Licence (annual)
Table games	33% – €0 to €865k 44% – over €865k	–	–
Electronic roulette / amusement machines	20% – €0 to €1,200k 25% – €1,200k to €2,450k 30% – €2,450k to €3,700k 35% – €3,700k to €6,150k 40% – €6,150k to €8,650k 45% – €8,650k to €12,350k 50% – over €12,350k	–	–

Henry Birch, Chief Executive
19 August 2015

Clive Jennings, Finance Director
19 August 2015

USING TECHNOLOGY TO DRIVE EFFICIENCY AND IMPROVE CUSTOMER EXPERIENCE

"This is a strategically important area of development for our business and we remain committed to provide the best product offering available in the sector."

Mo Zabed,
Head of Slots

Strategic priority
5

Governance

1. Ian Burke
Chairman

Appointment March 2006

Age 59 years old

Experience
Ian has spent the majority of his career in the leisure industry, initially in bingo clubs, then hotels and health and fitness clubs. He was chief executive of Rank from March 2006 to May 2014, chief executive of the Holmes Place Group from July 2003 to February 2006, chief executive of Thistle Hotels plc from May 1998 to May 2003 and held various roles with Bass plc from February 1990 to April 1998, including managing director of Gala Clubs and managing director of Holiday Inns.

2. Henry Birch
Chief Executive

Appointment May 2014

Age 46 years old

Experience
Henry has more than 20 years of experience in the betting and gaming sector and in online and broadcast media. From July 2013 to May 2014 he was a non-executive director of the AIM-listed CFD trading platform operator, PLUS 500 PLC. From October 2008 to November 2012 he was the chief executive officer of William Hill Online, the joint venture between William Hill plc and Playtech plc, which managed William Hill's online business. Prior to working at William Hill Online, Henry was the chief executive officer of Leisure & Gaming plc, an AIM-listed company that owned and operated a number of online and retail betting and gaming subsidiaries. Prior to working at Leisure & Gaming plc, Henry was the chief operating officer of Bettingcorp Ltd, an Israeli company focused on the development and operation of online and interactive TV gaming platforms. Prior to working in the gambling industry, he held management roles at Time Warner, Turner Broadcasting and Riffage, an early digital music operator based in Silicon Valley, and started his career working in the House of Commons.

3. Clive Jennings
Finance Director

Appointment July 2011

Age 54 years old

Experience
Clive was previously Rank's group financial controller prior to which he was the financial controller of Rank's gaming division. He held senior finance positions in a number of other companies prior to joining Rank in July 2000. He is a chartered accountant.

4. Chris Bell
Senior Independent Director

Appointment June 2015

Age 57 years old

Experience
Chris has over 20 years' experience in the betting and gaming industry.

Current roles
Non-executive chairman of two AIM-listed companies: XLMedia PLC and of TechFinancials, Inc; senior independent director of Quintain Estates & Development plc; board member of the Responsible Gambling Strategy Board, which advises the Gambling Commission and the Government on policy and strategy in this field, and a trustee of the Northern Racing College.

Former roles
Joined the Hilton Group in 1991 and became managing director of its Ladbrokes Worldwide business in 1994; joined the board of Hilton Group Plc in 2000 and, following the disposal of its hotels division, became chief executive when it was re-named Ladbrokes Plc (2006 to 2010). Prior to joining Hilton Group he held a number of senior positions at Allied Lyons for 12 years. He was chairman of The GAME Group plc until March 2012. Until June 2015 he was a non-executive director of Spirit Pub Company plc.

5. The Rt. Hon. the Earl of Kilmorey, PC
Non-executive Director

Appointment May 2012

Age 73 years old

Experience
Lord Kilmorey has diverse experience in commerce and industry and in Government.

Current roles
Non-executive chairman of Rose Petroleum plc since July 2009 and of Tetra Strategy Limited, a political consultancy, since May 2009; director of Smarta Enterprises Limited, the UK's largest online resource for small businesses, since October 2008; and non-executive director of Adaptive Modules Limited, an electronic component distributor, since March 2015 and of NEC Europe Ltd, a leading internet services and systems solutions provider, since October 1997.

Former roles
Non-executive director of Avon Rubber p.l.c. (2007 to 2013 including five years as chairman); a director of various Dyson group companies (1995 to 2012, including four years as deputy chairman); chairman of Biocompatibles International plc (2000 to 2006) and of The Heart Hospital Limited (1998 to 2001); director of GEC plc (1995 to 1997); Minister of Trade (1992 to 1995); and Northern Ireland Minister (1985 to 1992).

6. Owen O'Donnell
Non-executive Director

Appointment September 2008

Age 48 years old

Experience
Owen's background is in online businesses including online media and online gaming. He is also a chartered accountant and chairs Rank's audit committee.

Current roles
Member of the advisory board of Plumbee Limited, a social and mobile casino games business.

Former roles
Finance director at OVO Energy (2012 to 2014); non-executive chairman of fanduel.com, the online fantasy sports site, (2009 to 2011); chief financial officer of Joost, King.com, Betfair and of FT.com; and director of finance and performance measurement of Pearson plc.

7. Tim Scoble
Non-executive Director

Appointment April 2010

Age 58 years old

Experience
Tim is an experienced leisure operator, with particular expertise in developing consumer brands and service delivery. He is a chartered accountant and chairs Rank's remuneration committee.

Current roles
European hotel advisor to Apollo Management LLP, a director of Europe Hotel HoldCo Sàrl since December 2014 and a director of Casual Dining Group Limited since September 2014.

Former roles
Chairman of QHotels Holdings Limited (2013-2014); UK chief executive of Guoman Hotels (formerly Thistle Hotels) (2006 to 2012); chief executive of GuocoLeisure Limited, a Singapore listed company controlled by Guoco Group Limited (2009 to 2012); managing director of Moat House Hotels (2001 to 2003); and chief executive of Little Chef and a director of Travelodge (2003 to 2005).

8. Shaa Wasmund MBE
Non-executive Director

Appointment November 2012

Age 43 years old

Experience
Shaa has had a distinguished digital career advising both start-ups and large corporations. She is an international speaker on the topic of digital media.

Former roles
Until January 2015, a director of Smarta Enterprises Limited which owns Smarta.com, the UK's largest independent online resource for small businesses, and Smarta Business Builder, business software as a service for small and medium-sized enterprises, which she founded in July 2008.

9. Frances Bingham
Company Secretary

Appointment May 2008

Age 50 years old

Experience
For eight years Frances was company secretary and legal director of the multi-national health and fitness group, Holmes Place Group, and prior to that she was a solicitor in private practice.

THE RIGHT TEAM TO DELIVER

Board committees

Audit committee

Chairman
Owen O'Donnell

Other committee members
Chris Bell, Tim Scoble

Remuneration committee

Chairman
Tim Scoble

Other committee members
Owen O'Donnell, Shaa Wasmund

Nominations committee

Chairman
Ian Burke

Other committee members
Chris Bell, Lord Kilmorey, Owen O'Donnell, Tim Scoble, Shaa Wasmund, Henry Birch

Finance committee

Chairman
Ian Burke

Other committee members
Henry Birch, Clive Jennings, Tim Scoble

Executive committee

Our executive committee is not a board committee. It is responsible for day-to-day trading and is accountable to the chief executive for promoting and developing a profitable, long-term business.

Grosvenor Casinos
Managing Director – Mark Jones

Mecca
Managing Director – Martin Pugh

Corporate
Chief Executive – Henry Birch

Finance Director – Clive Jennings

Company Secretary – Frances Bingham

Group Director of Digital and Cross-Channel Services – Colin Cole-Johnson

Chief Information Officer – Keith Woodcock

Human Resources Director – Sue Waldock

MAINTAINING HIGH STANDARDS

"The board is committed to ensuring that the Group is well managed and that rigorous and transparent procedures allow this to happen."

Ian Burke,
Chairman

Dear shareholder

We are reporting this year against the 2012 version of the UK Corporate Governance Code ("the Code") and related guidance. Other than Code provision A.3.1 (chief executive not to become chairman), Rank has since 1 June 2015 been in full compliance with the Code. The board continues to be of the view that it is in the best interests of all shareholders that I continue in the role of non-executive chairman notwithstanding that I was previously chief executive.

Appointment of senior independent director

On 5 May 2015 we announced the appointment of Chris Bell as senior independent director with effect from 1 June 2015. The search for a senior independent director was led by me with the assistance of Owen O'Donnell and with support from other members of the nominations committee.
Mr Bell's is an excellent appointment for Rank as he has over 20 years' experience in the gambling industry. Since Mr Bell's appointment on 1 June 2015 and his replacement of me on the board's audit committee, Rank is now in compliance with Code provisions A.4.1 (requirement for a senior independent director) and C.3.1 (audit committee to comprise at least three independent non-executive directors).

Focus in 2014/15

Throughout the year under review, our board agenda has been structured to allow for regular updates on our principal strategic initiatives. Technology has been a particular focus during the year, with several presentations from our chief information officer and his direct reports on IT strategy and cyber risk.

The introduction by the UK Gambling Commission of the requirement for an annual assurance statement has been the subject of board briefings during the year and was the key focus of a discussion with representatives of the UK Gambling Commission and the majority of the Rank board in June 2015.

Compliance with the licensing objectives has also been a particular focus following the UK Gambling Commission bringing to our attention deficiencies in the application of our policies and procedures relating to anti money laundering and responsible gambling. I and all my board colleagues are fully committed to the licensing objectives and we need to ensure that we embed a culture into our company that takes these issues seriously at all levels. Enhanced due diligence and responsible gambling will be a continued focus on individual board member casino visits. We are aiming for the highest standards in keeping with our commitment to upholding the licensing objectives.

Diversity
The board, supported by the nominations committee, continues to value diversity in its broadest sense when considering non-executive director appointments. In addition to considering gender and ethnicity, the board will look to achieve the appropriate balance of skills, experience and knowledge of the gambling industry as a whole. The board retains its aspiration stated in last year's report to increase the proportion of women on the board to 25% by 30 June 2016. Details of the gender breakdown of directors, senior management and the Group as a whole can be found on page 34 of our strategic report.

Leadership and effectiveness
This year we conducted an independent external review of the effectiveness of the board for the first time. Further details of that review can be found on pages 53 and 54. The board agreed a number of actions following the review and areas of focus over the coming year will be individual director evaluation and development, the board's engagement with strategy and the development of leadership.

Relations with shareholders
The board as a whole takes responsibility for ensuring that satisfactory dialogue with shareholders takes place. During the year the board, through its remuneration committee chairman, conducted an extensive engagement with its largest shareholders, further details relating to which can be found on page 76. All shareholders are welcome to attend our annual general meeting which is taking place at 11am on Thursday, 15 October 2015 at our Maidenhead headquarters.

Conclusion
I would like to take this opportunity to extend my gratitude to all my board colleagues for their contributions this year. We have had some excellent debates conducted with openness and constructive challenge. I would also like to thank in particular Shaa Wasmund, who will not be seeking re-election at the forthcoming annual general meeting, for her contribution since she joined the board in November 2012.

Ian Burke, Chairman
19 August 2015

Corporate governance statement

Introduction
The principal governance rules applying to UK companies listed on the London Stock Exchange are contained in the UK Corporate Governance Code, revised by the Financial Reporting Council in September 2012 (the "Code").

This corporate governance statement covers the following areas:

- ~ structure and role of the board and its committees;
- ~ board effectiveness;
- ~ audit committee;
- ~ nominations committee; and
- ~ finance committee.

The report of the remuneration committee is set out separately in the directors' remuneration report on pages 62 to 77.

Compliance with the Code
Save in relation to Code provisions A.3.1 (chief executive not to become chairman), A.4.1 (requirement for a senior independent director) and C.3.1 (audit committee to comprise at least three independent non-executive directors), the board confirms that it has complied with the provisions of the Code throughout the year ended 30 June 2015. Please see pages 52 and 55 for an explanation as to why the board has not complied with Code provisions A.3.1, A.4.1 and C.3.1.

This corporate governance statement forms part of the directors' report and accordingly is approved by the board and signed on its behalf by the company secretary. Certain parts of this corporate governance statement have been reviewed by the Company's auditors, Ernst & Young LLP, for compliance with the Code, to the extent required.

In this corporate governance statement the following abbreviations are used:

"FCA" – Financial Conduct Authority

"Guoco" – Guoco Group Limited

"Hong Leong" – Hong Leong Company (Malaysia) Berhad

Structure and role of the board and its committees
The board is collectively responsible for the long-term success of the Company. The board's main responsibilities and the key actions carried out during the year are set out below. The board delegates certain matters to committees and delegates the detailed implementation of matters approved by the board and the day-to-day operational aspects of the business to the executive directors.

Code main principles

Leadership

The role of the board

Board composition

As at the date of this report, the board consists of:

- a non-executive chairman;
- five independent non-executive directors;
- two executive directors – the chief executive and the finance director.

The names and biographies of all directors are published on pages 46 to 47.

Key board responsibilities

The board is responsible for:

- Group strategy, objectives and policies;
- internal controls and risk management;
- general and long-term progress of the Group within the political, economic, environmental and social setting of the day;
- sound governance, health and safety, and environmental policies;
- financial performance, annual budgets and business plans;
- board and company secretary appointments;
- major capital expenditure, acquisitions and divestments;
- senior management structure, remuneration and succession;
- annual and half-year financial results and interim management statements;
- responsible gambling and ethical behaviour;
- board committees and their terms of reference; and
- investor relations.

Specific responsibilities are delegated to our four board committees – audit, remuneration, nominations and finance. They report to the board and operate within defined terms of reference, which can be obtained from our website at www.rank.com/en/investors/corporate-governance/our-committees.html or by writing to the company secretary.

The executive directors conduct the Company's business within clearly defined limits delegated by the board and subject to those matters reserved to the board.

Board meetings

Board meetings allow for regular and frank discussion of strategy, trading, financial performance, regulatory affairs, responsible gambling and risk management.

There were eight scheduled meetings during the year and one further meeting.

During the period under review, the board's committees also met regularly to discharge their duties.

In exceptional circumstances when a director is unable to attend a meeting, their comments on briefing papers are given in advance to the relevant chairman.

The directors' attendance at board meetings during the year is recorded in the table below. It shows the number of board meetings attended by each director compared with the number of board meetings that director was eligible to attend.

Board meeting attendance

Name	Board member since	Attendance / Eligibility to attend	Notes
Chris Bell	Jun 15	n/a	Mr Bell joined the board on 1 June 2015.
Henry Birch	May 14	9/9	
Ian Burke	Mar 06	9/9	
Clive Jennings	Jul 11	9/9	
Lord Kilmorey	May 12	8/9	Lord Kilmorey was unable to attend one meeting due to unavoidable unforeseen circumstances.
Owen O'Donnell	Sep 08	9/9	
Tim Scoble	Apr 10	9/9	
Shaa Wasmund	Nov 12	8/9	Ms Wasmund was unable to attend one meeting due to unavoidable unforeseen circumstances.

Insurance and indemnity
The Company has arranged insurance cover and indemnifies directors in respect of legal action against them to the extent permitted by law. Neither applies in situations where a director has acted fraudulently or dishonestly.

Conflicts of interest
The directors have a statutory duty to avoid conflicts of interest. In accordance with our articles of association, we have adopted a policy and procedure for managing and, if appropriate, authorising actual or potential conflicts of interest.

Directors are required to disclose any other new appointments before agreeing to take them on, so that any conflicts of interest can be identified and addressed.

The board also assesses conflicts of interest before making any new appointments.

Division of responsibilities
When in 2014 Mr Burke indicated that he would like to retire from executive management of the business, the board wished to retain the established line of communication with Guoco and was pleased when Mr Burke agreed to become non-executive chairman on the appointment of Mr Birch as chief executive on 6 May 2014. The board is aware that this is not in compliance with Code provision A.3.1, but believes it to be in the best interests of all shareholders at this time.

There is a clear division of responsibilities for the chairman and chief executive.

Chairman
The chairman is charged to:

- manage the business of the board, preside over meetings and seek prompt and appropriate decisions;
- work with the company secretary to ensure directors receive accurate and clear information for the proper execution of their duties;
- oversee effective communication with shareholders;
- keep the Group's progress and development under review;
- ensure the chief executive's Group objectives, policies and strategies are consistent with lasting shareholder value;
- evaluate the board and its committees; and
- ensure the Group's governance is effective and in line with best practice.

Chief executive
The chief executive's role is to:

- manage and promote the Group's long-term profitable development;
- exercise stewardship of intellectual property, human and financial resources and ensure that the relevant policies are implemented;
- plan strategy and prepare objectives and policies for board approval;
- ensure action is taken to achieve strategies, objectives and policies, as approved by the board;
- ensure objectives, policies and strategies are adopted for each Group business, that appropriate budgets are set for them individually, that their performance is monitored, and that guidance is given when needed;
- take responsibility for Group health and safety policies;
- make sure the Group complies with all relevant legislation; and
- lead ongoing communication with employees.

Non-executive directors
The directors are satisfied that there are proper procedures in place to ensure that:

- they are receiving accurate and clear information for the proper execution of their duties;
- the Group's objectives, policies and strategies are consistent with enhancing shareholder value;
- they are able to keep the Group's progress and development under review;
- they have an opportunity to challenge constructively, and help develop, proposals on strategy;
- there are effective communications with all shareholders; and
- the Group's governance is effective.

Senior independent director
As senior independent director since 1 June 2015, Chris Bell is available to talk with shareholders who have questions or concerns. Led by the senior independent director, the non-executive directors met and reviewed the chairman's performance without him being present.

The Company was without a senior independent director from the resignation of Colin Child on 18 March 2014 to the appointment of Chris Bell with effect from 1 June 2015. The Company was therefore not in compliance with Code provision A.4.1 for 11 out of the 12 months of the year under review.

Effectiveness

The composition of the board
Size and structure
The nominations committee keeps the board's size and structure under review. The nominations committee is of the view that the board is well balanced, providing a collective competence to suit the Group's developing needs and an appropriate blend of executive and non-executive skill. We believe that all our directors are suitably qualified to help steer and challenge Group strategy.

More than half of our board excluding the chairman is independent:

Name	Independent	Appointed
Chairman		
Ian Burke[1]	n/a	Mar 2006
Executive		
Henry Birch	no	May 2014
Clive Jennings	no	Jul 2011
Non-executive		
Chris Bell	yes	Jun 2015
Lord Kilmorey	yes	May 2012
Owen O'Donnell	yes	Sep 2008
Tim Scoble[2]	yes	Apr 2010
Shaa Wasmund	yes	Nov 2012

1 Ian Burke was originally appointed to the board on 6 March 2006. He resigned from the board on 28 June 2011 and was reappointed on 3 July 2011. On 15 July 2011 he became executive chairman. On 6 May 2014 he resigned his role as chief executive and became non-executive chairman with effect from that date.
2 Until 30 April 2012, Tim Scoble was not independent – he was an appointee of Guoco, a parent company of Rank's largest shareholder, which currently owns 219,120,221 ordinary shares in the Company, representing 56.09% of voting rights. Tim Scoble has been independent since 30 April 2012 when he ceased to be an appointee of Guoco.

The principal terms and conditions of appointment for each director are set out on pages 67 to 68 and pages 71 to 74, and their interests in Rank shares are detailed on page 74.

Board diversity
During the period under review, the nominations committee has continued to consider the issue of diversity in the context of the board and is mindful of the benefits that diversity brings to the board. The board is committed to improving further its gender diversity and to ensuring that all appointments are made regardless of gender. Details of the gender breakdown of directors, senior management and the Group as a whole can be found on page 34 of our strategic report.

Committees
The composition and chairmanship of our board committees are considered annually and have been considered during the period under review.

Commitment
The terms of appointment of non-executive directors are outlined on page 68 of the directors' remuneration report. All non-executive directors are required to disclose their other significant commitments both before appointment and following subsequent changes so that the board can satisfy itself that each of the directors has sufficient time to allocate to the Company to discharge his responsibilities effectively.

Neither Henry Birch nor Clive Jennings currently holds any directorships outside the Rank Group. Executive directors are not permitted to take up non-executive directorships outside the Group.

Development
Induction
During the period under review, one new non-executive director was appointed to the board. The non-executive director was given a comprehensive induction programme, which included meetings with senior management and site visits accompanied by the finance directors of the casino and bingo businesses.

Skills and knowledge
All directors are given regular written briefings with regard to matters affecting the Group's businesses, such as the political and regulatory environment. Additionally, at the board's request, the Group's auditor keeps the board abreast of key impact items such as political and regulatory initiatives with regard to narrative reporting, executive remuneration, going concern and the role of the audit committee.

Directors are invited to identify to the company secretary or human resources director any desired skills and knowledge enhancements that they require so that appropriate training can be arranged.

Additionally, once a year, the directors have an opportunity to review and agree their respective training and development needs during their one-on-one meetings with the chairman.

Information and support
Assisted by the company secretary, the chairman is responsible for ensuring that directors receive accurate and timely information on all relevant matters.

The directors receive a monthly report of current and forecast trading results and treasury positions, as well as updates on shareholder views.

A rolling programme of items sets the agenda for board discussion. This is regularly reviewed and updated to cover topical issues and developments.

Comprehensive briefing papers on substantive agenda items are circulated at least five working days before meetings where possible. These contain detailed background information, thus freeing time for informed debate.

We operate an open-door policy between the board and the management team. Members of the management team also make regular board presentations to ensure a flow of operational information reaches the directors in a timely way.

All directors have access to the advice and services of the company secretary and, if required, may take independent advice and/or professional development at the Company's expense.

Evaluation
An independent external review of the effectiveness of the board was conducted this year by Dr Tracy Long of Boardroom Review Limited. Neither Dr Long nor Boardroom Review Limited provides other services to the Group or has any other connection with the Group. The evaluation was conducted over a period of three months including interviews with each of the directors and the company secretary, observation of a board meeting and a review of selected board papers.

The review was designed to help the board prepare for the future, by building on existing strengths, and identifying and preparing for the challenges ahead. The review considered the balance, skills and experience of the board and focused on three key aspects: board environment, the work of the board and use of time.

Following completion of the review, the board received a discussion document outlining an independent view of the board's strengths and future challenges. Dr Long also discussed the findings of the evaluation individually with each director, the company secretary and the performance of each director with the chairman. Dr Long then presented her discussion document to the February 2015 board meeting. The board considered and discussed Dr Long's observations and recommendations following which a number of actions were agreed for incorporation into the way that the board would operate during the remainder of 2015 and beyond. Areas of focus over the year will be individual director evaluation and development, the board's engagement with strategy, and the development of leadership.

Additionally, in June 2015 the chairman conducted individual interviews with each board member to discuss their contributions during the year. The non-executive directors met privately to discuss the effectiveness of the board and its committees during the year and agreed that, overall, the board had functioned effectively during the period under review and that its committees continued to discharge their duties in line with their respective terms of reference.

The chairman together with two non-executive directors evaluated the performance of the chief executive by means of a questionnaire and meeting. The outcome was then fed back to and discussed with the other non-executive directors. The non-executive directors also met privately without the chairman present to review the performance of the chairman.

Re-election

All new directors must stand for election at the first annual general meeting after their appointment and, thereafter, at intervals of no more than three years. Non-executive directors are engaged for an initial period of three years and must stand for election and re-appointment in the same way. Rank's articles of association require one third of serving directors to retire annually.

Chris Bell was appointed to the board since the last annual general meeting and is therefore required to submit himself for election at the forthcoming annual general meeting on 15 October 2015.

The Company complies with the Code's requirement for annual re-election of directors of FTSE 350 companies. Therefore all other directors will submit themselves for re-election at the forthcoming annual general meeting with the exception of Shaa Wasmund. Ms Wasmund will be retiring from the board with effect from the conclusion of the forthcoming annual general meeting.

Relations with shareholders

Dialogue with shareholders

The board as a whole takes responsibility for ensuring that satisfactory dialogue with shareholders takes place. As at 30 June 2015, 56.09% of our shares were held by our majority shareholder, Guoco, and a further 36.84% were held by 20 institutional shareholders.

Given that Rank is a 56.09% subsidiary of Guoco, the chief executive and other members of Rank's executive management team meet with representatives of Guoco four times a year to discuss business performance and other issues that could impact their financial statements.

We speak with our institutional shareholders and city analysts through a programme of investor relations and regular meetings with principal shareholders conducted by our chief executive, finance director and director of investor relations.

All directors receive reports to keep them in touch with shareholder opinion. During the period under review, a total of 48 meetings with 41 shareholders was attended by one or more of the chief executive and finance director.

Formal briefings on shareholder opinion are circulated to the board after presentation of the Company's interim and annual results.

The principal method of communicating with all our shareholders is via our corporate website, www.rank.com. Information can be provided in paper format but only when shareholders specifically request this.

Constructive use of the annual general meeting

All shareholders are welcome to attend our annual general meeting ("AGM"). Private investors are encouraged to ask questions. The chairman and chairmen of the audit and remuneration committees are all present.

Shareholders are invited to vote on the formal resolutions contained in the notice of meeting, which is published at least 20 working days beforehand. The business presentation, voting results and a summary of the questions and answers are made available at www.rank.com, or in printed format on request.

Shareholders may also use electronic means to vote – or appoint a proxy to vote on their behalf – at the annual and other general meetings of the Company.

Next AGM

The 2015 AGM will be held on 15 October 2015 and the full text of the notice of meeting, together with explanatory notes, is set out in a separate document at: www.rank.com/en/investors/shareholder-centre.html

If you have elected for paper information, this will be enclosed with your hard copy of this annual report. Shareholders wishing to change that election may do so at any time by contacting the Company's registrar (contact details are on page 134 and on our website at www.rank.com/en/investors/shareholder-centre.html

AUDIT COMMITTEE

Owen O'Donnell,
Chairman of the audit committee

Chairman
Owen O'Donnell

Other committee members
Chris Bell, Tim Scoble

Role of the audit committee

The audit committee assists the board in reviewing and maintaining internal controls, the management of risk and our compliance with the law and regulation.

It has responsibility for and reviews the effectiveness of the Group's internal audit function.

It also assesses the integrity of all public financial statements before their submission to the board, ensuring we present a fair, balanced and understandable assessment of the Group's ongoing position and prospects.

Any changes in accounting policies are authorised by the committee, which also reviews the objectivity and effectiveness of our external auditor every year.

The committee oversees the Company's internal code of conduct and monitors our whistleblowing procedures through which employees may, in confidence, raise concerns about possible improprieties in areas of financial reporting, financial control and other ethical matters.

The committee is regularly updated on accounting and legislative changes through briefing papers from the auditor, finance director and others.

The committee's terms of reference are available from the Company's website at: www.rank.com/en/investors/corporate-governance/terms-of-reference.html, or by writing to the company secretary.

Audit committee membership and meetings

Since 1 June 2015 the audit committee has consisted of three independent non-executive directors. However, following the resignation of Colin Child on 18 March 2014, the Company's chairman joined the committee on a temporary basis pending the recruitment of a new independent non-executive director. That was in breach of Code provision C.3.1 which requires the audit committee to consist of at least three independent non-executive directors.

The board is satisfied that the committee has recent and relevant financial experience.

A rolling agenda and topical items determine the committee's discussions. The committee met formally three times in the period under review.

At the invitation of the audit committee chairman, the chief executive, finance director, company secretary, director of group financial control and director of internal audit normally attend committee meetings, as does the external auditor. Other directors are encouraged to attend at least one committee meeting a year at which the auditor is present.

The internal and external auditors also meet the committee without executive directors and other employees being present.

Committee meeting attendance

Name	Committee member since	Attendance / Eligibility to attend	Notes
Current committee members			
Chris Bell	Jun 15	1/1	Mr Bell joined the board and the audit committee on 1 June 2015.
Owen O'Donnell	Sep 08	3/3	Mr O'Donnell has been committee chairman since 22 April 2014.
Tim Scoble	Oct 13	3/3	
Former committee members			
Ian Burke	Jun 14	2/2	Mr Burke stepped down from the audit committee on 1 June 2015.

Risk management

As part of its risk oversight role, the board as a whole, including the audit committee, satisfies itself that the necessary steps are taken to foster a culture of risk-adjusted decision-making throughout the Group. The board strives to ensure that risk management is an integral component of the Group's corporate strategy, culture and value generation process. The board's view is that risk management should be neither an impediment to the conduct of business nor a mere supplement to the Group's overall compliance programme.

The risk management process is reviewed by the audit committee on behalf of the board and monitored regularly by the Group's risk committee which comprises the chief executive, finance director, company secretary, chief information officer and director of internal audit. Other employees attend meetings of the risk committee by invitation, as appropriate, depending on the specific agenda items to be discussed at the meeting. The risk committee meets monthly and its primary purpose is to:

- review the corporate risk register;
- carry out 'deep-dive' reviews into specific departments' and functions' risk registers; and
- provide a forum to remedy lack of progress in making agreed risk-mitigation actions happen.

Key areas of focus for the risk committee during the year under review are set out on page 21 of the strategic report.

Compliance with the Bribery Act 2010 and HM Treasury Financial Sanctions forms part of the general risks and internal controls reported to the board. Our audit committee also reviews management's bi-annual reports on anti money laundering, internal and external fraud, whistleblowing, code of conduct and inadvertent breaches of legislation.

During the year the audit committee has also continued to review progress against management's information security improvement plan.

Internal control framework

Our system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and provides reasonable, not absolute, assurance against material misstatement or loss. It controls, rather than eliminates, any human error, deliberate misconduct or uncertain events.

To maintain control and direction over strategic, financial, operational and compliance issues, the board has put in place formally defined lines of responsibility and delegation of authority.

Established procedures are geared to identify, evaluate and manage significant risks and to monitor the Group's businesses and performance.

This framework is reviewed annually and is designed to safeguard shareholders' investments and the Group's assets, while ensuring that proper accounting records are maintained. Senior management is responsible for making sure that controls and procedures are enforced and that the board is informed of any risks and control issues that arise.

Financial control: there is a comprehensive system for reporting financial results to the board, a budgeting process incorporating an approved budget and bi-annual re-forecasts. The chief executive and finance director hold monthly review meetings with brand managing directors and their respective directors of finance.

Financial reporting control: detailed policies and procedures are in place to ensure the accuracy and reliability of financial reporting.

Strategic control: the board reviews the Group's strategic plans annually and regularly reviews strategic progress.

Operational control: our procedures are laid down in detailed manuals and reinforced by employee training. Each business unit carries out a monthly self-audit to test key controls and report weaknesses to operational management.

Compliance control: Across the Group we have teams whose responsibility it is to ensure day-to-day adherence to all legislation to which our operations are subject, including gambling, anti money laundering and health and safety. Senior executives and the internal audit team are responsible for monitoring overall compliance. They report to the audit committee and the board. In light of the deficiencies in the application of the Group's policies and procedures relating to anti money laundering and responsible gambling that were brought to our attention by the UK Gambling Commission, the board has commissioned an externally-led review of our anti money laundering and responsible gambling controls to ensure that they are fit for purpose.

The executive directors and senior management meet regularly with representatives from the businesses to address financial, human resource, risk management and other control issues.

At its meetings in the year to 30 June 2015 the audit committee examined the effectiveness of the Group's approach to internal control by reviewing changes to controls made during the year; approving a revised 2014/15 internal operational audit plan, a revised corporate and systems audit cycle; and reviewing the structure of the internal audit department and the level of internal audit resource. The committee also reviewed action plans to address failings or weaknesses identified in the Group's system of internal control.

This process has been in place during the period and up to the date of approval of this annual report and financial statements. It has been reviewed by the board and meets the Financial Reporting Council's internal control guidance to directors.

Internal audit

The audit committee has responsibility for the internal audit function and the director of internal audit reports directly to the chairman of the audit committee. Our internal audit team provides an objective and continuous stream of data and opinion on risk management and control. To avoid bias, it is entirely independent of the business operations under audit and line management is to the chairman of the audit committee. The audit committee agrees the annual audit plan and reviews audit reports produced by the internal audit team.

The scope of the audit coverage is defined by the audit committee and covers all systems, procedures and activities of all operations, departments and functions within the Group, including projects, policy developments, financial and non-financial processes.

The internal audit team seeks to determine whether the system of risk management, control and governance processes, as designed and operated by management, is adequate and functioning in such a manner as to ensure that:

- risks are appropriately identified and managed in line with the Company's risk appetite;
- operations are run with sufficient and adequate controls and in an efficient and effective manner;
- significant financial, managerial and operating information is accurate, reliable and timely;
- employee actions are in compliance with policies, standards, procedures, and applicable laws and regulations; and
- relevant laws, rules and regulations are complied with in the operation of the business.

To embed control further, the scores used by internal audit to monitor each business unit's controls performance also affect operational management bonuses.

The director of internal audit makes regular presentations to the audit committee and reporting includes comparative and trend analysis. During the period under review the audit committee had three closed sessions with the director of internal audit without executive management being present.

Code of conduct

Rank has an employee code of conduct that sets out our values and principles and guides everyone's behaviour. Adherence to the code is important. It upholds our reputation and relationships, inside and outside the Company.

The audit committee is responsible for monitoring management reports on employee conduct, including our whistleblowing procedures.

Whistleblowing

Rank aims to maintain a culture of openness, honesty and opposition to fraud, corruption and unethical business conduct. It is Rank's policy to implement and maintain procedures that promote ethical business conduct and reduce the risk of fraud and other irregularities, enabling early detection, investigation and reporting. Rank has a fraud and unethical business conduct whistleblowing policy which sets out the ways in which employees can voice their concerns about suspected fraud, corruption or unethical business conduct. During the period under review two frauds came to light within Grosvenor's retail casino business in circumstances where it would appear that others not directly involved must potentially have had suspicions that they never raised with anybody. This has led management and the committee to question whether Rank's whistleblowing policy is sufficiently effective. Although reports are made under the Group's whistleblowing policy, the matters which are the subject of the reports are rarely related to fraud or unethical business conduct, and are more often than not related to human resource issues. Managers in the businesses are being consulted as to how best to address the cultural resistance to using the whistleblowing policy for matters for which the policy is intended. Once the feedback has been received, where appropriate, changes to the policy and its communication will be made to see whether this encourages a better quality of whistleblowing.

Financial reporting and significant financial issues

The committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The committee reviews accounting papers prepared by management which provide details of the main financial reporting judgements. The committee also reviews reports by the external auditor on the full year and half year results which highlight any issues with respect to the work undertaken on the full year audit and the half year review.

Significant accounting issues considered by the committee during the year included:

- EBITDA multiples and discount rates applied for impairments;
- impairment review of intangible assets and property, plant and equipment;
- review of provisions, including those in relation to property leases and indirect tax;
- review of ongoing direct tax issues;
- treatment of exceptional items; and
- contingent assets and liabilities.

Audit committee activity in 2014/15

In addition to those items detailed under internal control, risk management and financial reporting and significant financial issues, during the year under review the committee's business has included the following:

- full and half-year results;
- principal judgemental accounting matters affecting the Group;
- finance systems strategy;
- external audit plans and reports including auditor observations and recommendations as a result of controls testing completed for the purposes of the 2013/14 and 2014/15 audits;
- internal audit plans and key reports;
- information security and cyber risk;
- external and internal theft and fraud;
- anti money laundering;
- litigation;
- whistleblowing and code of conduct reports; and
- impact of the revised UK Corporate Governance Code (September 2014 edition) which will apply to the Company with effect from its 2015/16 financial year.

Significant financial judgements

Before recommending the half-year and full-year financial statements to the board for approval, the committee reviewed the following key accounting issues that rely on significant financial judgements.

Impairments – for goodwill and indefinite life assets not subject to amortisation, the Group performs an annual impairment review. In addition, the Group also reviews assets that are subject to amortisation or depreciation for events or changes in circumstances that indicate that the carrying amount of an asset or cash-generating unit may not be recoverable. The Group considers each venue to be a cash-generating unit and therefore the review covers in excess of 150 individual cash-generating units.

The committee reviewed management's impairment review process including, where applicable, the cash flow projections and discount rates used to derive a value in use. This included considering the impairment reversal arising in Spain of £1.6m where performance at the club in Girona has seen a sustained performance recovery following the closure of a competitor.

The committee was of the view that the net impairment reversal recognised of £1.9m was appropriate. Further details of the impairment charges and reversals are disclosed in note 4.

The committee also considered the impairment review undertaken in relation to the investment in subsidiary undertakings held by the Company, including the appropriateness of the key inputs into the valuation model. The committee was of the view that the impairment reversal of £259.9m was appropriate.

Property lease provisions – at both the half and the full year, the committee considered the Group's approach to property lease provisions, the discount rates applied and management's recommendations, in order to satisfy itself how management came to its best estimate of property lease obligations.

The committee noted that the Group has a number of property leasehold contracts and was of the view that appropriate provision had been made against those property leases where the unavoidable costs exceed the expected economic benefit expected to be derived from the property. Further details of the property lease provision held are disclosed in note 22 and the exceptional adjustments made in the current year are disclosed in note 4.

In addition, the committee was also updated in respect of certain property leasehold contracts where the rights and obligations but not the legal titles have been transferred to third parties such that the Group remains potentially liable in the event of default by the third party. Should default occur then the Group would normally have recourse to one or more guarantor entities. These leasehold contracts include 11 remaining property leases, with lease durations of between 17 months and 98 years and a current annual obligation (net of sub-let income) of approximately £1.1m, that were transferred concurrent to the £211m sale and leaseback in 2006. The committee noted the risk associated with the transfer of such property leasehold contracts but that the Group has not to date been notified of any default, or intention to default, in respect of the transferred leases. Further details of this contingent liability are disclosed in note 32.

Indirect tax provisions – the committee received and considered an update paper covering the Group's indirect tax issues, including the Group's various VAT claims, at both the half and the full year. The committee noted the adverse decision of the Supreme Court in favour of HMRC regarding claims for overpaid VAT on certain types of amusement machines between 2002 and 2005 but that a full provision has been made for amounts not yet repaid.

The committee was of the view that management's best estimate of the liability was appropriate. Details of the indirect tax liability recognised are disclosed in note 22.

Direct tax – the committee received and considered an update paper covering the Group's ongoing direct tax issues at both the half and full year. These issues cover both discontinued operations with historic tax audits and continuing operations where tax returns submitted have been, or are likely to be, challenged by the relevant tax authority. The committee considered the £16.9m release from income tax payable following the successful conclusion of a transfer pricing dispute relating to a discontinued operation in an overseas jurisdiction during the year. The committee was of the view that the release and the disclosure of a potential further refund of between £2.5m and £4.0m in respect of amounts previously paid as a contingent asset were appropriate.

The committee was of the view that management's best estimate of the liability for the remaining issues was appropriate. See note 18 for details of the direct tax liability recognised.

Contingent assets and liabilities – the Group, as noted in the areas of significant judgement above, has had to consider the accounting treatment of a number of potential assets and liabilities. This requires management to apply judgement in assessing the probability of occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

The audit committee receives tri-annual updates from management, incorporating legal advice as appropriate, on the accounting treatment for potential assets and liabilities in relation to disclosure or recognition. The committee is of the view that management has appropriately treated such items in the financial statements. Details of the contingent assets and liabilities disclosed are included in notes 31 and 32 respectively.

The audit committee also considers whether these significant financial judgements should be classified as exceptional.

Principal risks and uncertainties

Details of the Group's principal risks and uncertainties, and what we are doing to address them, can be found on pages 21 to 23 of the strategic report. Additionally, details of the financial risks that the Group faces can be found in note 20 to the financial statements.

Committee evaluation

The committee's performance during the period under review was assessed via confidential questionnaires with committee members and other individuals who support its work. Results were then reviewed by the committee chairman and discussed with the board. The board agreed that the committee continued to perform effectively.

Assessment of effectiveness of external audit process

Agreement on how best to assess the effectiveness of the external audit process was discussed between the audit committee chairman, the finance director, company secretary and director of group financial control and a proposal agreed. That proposal was put to the other audit committee members for agreement. Part of the effectiveness of the external audit process was assessed by the use of a questionnaire which posed questions in relation to different aspects of the external audit process. Those individuals employed by Rank most actively involved with the day-to-day aspects of the audit provided responses to certain questions asked of them. The views of Rank employees involved with the audit were considered, discussed and summarised and provided to audit committee members for discussion amongst themselves.

In addition to a private meeting between the audit committee chair and the external audit partner, the committee met with the auditor following each audit committee meeting in a closed session without executive directors to assess the objectivity and accuracy of financial reporting and to hear any other observations that the auditor had to make.

Audit tendering

The committee has noted the requirements regarding audit tender and rotation of the audit engagement partner. The Company's external audit was most recently tendered during 2009, resulting in a change of external auditors and the appointment of Ernst & Young LLP at the Company's annual general meeting on 22 April 2010. There was a change of external audit partner following completion of the 30 June 2014 year-end formalities. The committee will continue to give consideration to the timing of the next formal tender in the light of the then prevailing regulatory requirements. The committee does not anticipate that a tender will be undertaken during the 2015/16 financial year. There are no contractual obligations that restrict the choice of external auditors.

Auditor

Having reviewed their performance throughout the period, our conclusion that Ernst & Young LLP's effectiveness is satisfactory enables us to recommend their reappointment for 2014/15.

The auditor, Ernst & Young LLP, is willing to continue in office and a resolution that they be re-appointed at a remuneration to be agreed by the audit committee will be proposed at the forthcoming annual general meeting.

Relations with external auditor

Our auditor is employed to express an opinion on the financial statements. It reviews the systems of internal financial control and the data contained in the financial statements to the extent necessary to express its opinion.

It discusses with management the reporting of operational results and the financial position of the Group, and presents findings to the audit committee.

Information

The directors in office at the date of this report are not aware of any relevant information that has not been made available to the auditor and each director has taken steps to be aware of all such information and to ensure it is available to the Company's auditor.

Non-audit work

The audit committee oversees the nature and amount of any non-audit work undertaken by the auditor to ensure they remain independent. Consequently, the committee is required to approve in advance all non-audit services above a specified value.

When seeking external accountancy advice in relation to non-audit matters, the Group's policy is to invite competitive tenders where appropriate. It is also the Group's policy to balance the need to maintain audit independence with the desirability of taking advice from the leading firm in the area of advice being sought and the desirability of being efficient.

Details of the fees paid to Ernst & Young LLP throughout the period under review can be found in note 3.

Rank has used the services of other accounting firms for non-audit work during the period under review.

Rank is satisfied that the objectivity and independence of the audit partner and the audit engagement team have not been compromised by the fees paid for the non-audit work undertaken by Ernst & Young LLP.

Assurance

The internal audit function and the external auditor presented their findings to the committee in August 2014 and in January and June 2015. We confirm that action plans to remedy identified weaknesses in internal control have been in place throughout the period.

Ernst & Young LLP's audit report is published on page 84.

NOMINATIONS COMMITTEE

Chairman
Ian Burke

Other committee members
Chris Bell, Henry Birch, Lord Kilmorey, Owen O'Donnell, Tim Scoble, Shaa Wasmund

Appointments to the board

The nominations committee is comprised of the chairman, all independent non-executive directors and the chief executive. The formal terms of reference of the nominations committee are available on our website at www.rank.com/en/investors/corporate-governance/terms-of-reference.html, or by written request to the company secretary.

The nominations committee is responsible for identifying relevant talent and nominating all board appointments with due regard for the benefits of diversity on the board, including gender.

During the year under review the committee met formally on six occasions.

The main issues which the committee discussed during the year under review were:

~ the search for a senior independent director;
~ succession planning;
~ chairmanship and membership of board committees;
~ board composition; and
~ board diversity.

Board and committee composition
The nominations committee keeps the board's size and structure under review. The nominations committee is of the view that the board is well balanced, providing a collective competence to suit the Group's developing needs and an appropriate blend of executive and non-executive skill. We believe that all our directors are suitably qualified to help steer and challenge Group strategy.

The composition and chairmanship of our board committees are considered annually and have been considered once during the period under review.

Board diversity
During the period under review, the nominations committee has continued to consider the issue of diversity (including gender diversity) in the context of the board and is mindful of the benefits that diversity brings to the board.

The board's diversity policy is to recruit the best candidate having regard to the skills and experience required, but with a mind to diversity, including gender diversity. The directors have confirmed their stated aspiration to achieve 25% female representation on Rank's board by 30 June 2016.

Details of the gender breakdown of directors, senior management and the Group as a whole can be found on page 34 of the strategic report.

Committee meeting attendance

Name	Committee member since	Attendance / Eligibility to attend	Notes
Chris Bell	Jul 15	n/a	Mr Bell joined the nominations committee on 1 July 2015.
Henry Birch	Jul 14	6/6	
Ian Burke	Jun 14	6/6	Mr Burke has been committee chairman since 25 June 2014.
Lord Kilmorey	Feb 14	5/5	One meeting related to Lord Kilmorey's reappointment and he was therefore not eligible to attend that meeting.
Owen O'Donnell	Feb 14	6/6	
Tim Scoble	Sep 11	6/6	
Shaa Wasmund	Feb 14	4/6	Ms Wasmund was unable to attend two meetings due to unforeseen circumstances.

FINANCE COMMITTEE

Appointment of senior independent director
The key focus of the committee during the year has been to identify and recruit a new non-executive director to act as the Company's senior independent director and to join the audit committee of the board. For this purpose, the services of an external search firm, Zygos LLP, were engaged to assist in identifying potential candidates. Zygos LLP is independent and is a signatory to the 'Voluntary Code of Conduct' ("VCC") on gender diversity and best practice. The nominations committee appointed a sub-committee consisting of the chairman and another non-executive director to review the external search firm's long list of potential candidates and agree a short list.

All board members were invited to meet two of the short-listed candidates and following a further meeting of the committee, one candidate, Chris Bell, was recommended to the board for appointment. The board was unanimously in favour of appointing Chris Bell to the board to act as senior independent director and to serve on the audit committee of the board and he was so appointed with effect from 1 June 2015 for an initial term of three years subject to election at the forthcoming annual general meeting and thereafter subject to re-election at subsequent annual general meetings.

Re-appointment of a non-executive director

The nominations committee considered the re-appointment of Lord Kilmorey as a director. By the time of this year's annual general meeting in October 2015, Lord Kilmorey will have served as an independent director for almost three and a half years. Lord Kilmorey's diverse experience in commerce and industry, and in Government, are attributes which are of significant benefit to the Rank board and therefore, on the recommendation of the nominations committee, the board re-appointed Lord Kilmorey until the conclusion of the Company's 2016 annual general meeting (subject to re-election at the Company's 2015 annual general meeting).

Senior independent director
As senior independent director since 1 June 2015, Chris Bell is available to talk with shareholders who have questions or concerns. Led by the senior independent director, the non-executive directors met and reviewed the chairman's performance without him being present.

Chairman
Ian Burke

Other committee members
Henry Birch, Clive Jennings, Tim Scoble

The board has established a finance committee which is comprised of the chairman, chief executive, finance director and one non-executive director and which is authorised to approve capital expenditure and make financing decisions for the Group up to authorised limits. On behalf of the board, the finance committee's role includes setting, monitoring and reporting on:

~ operating plans;
~ monthly comparison of operating divisions' actual financial performance against budget; and
~ year-end forecasts.

The committee's terms of reference are available from the Company's website at www.rank.com/en/investors/corporate-governance/terms-of-reference.html, or by writing to the company secretary.

The committee met on 11 occasions during the year and the issues it discussed included insurance cover and uninsured risks, estate management issues and commercial agreements within its delegated authority.

Committee meeting attendance

Name	Committee member since	Attendance / Eligibility to attend	Notes
Henry Birch	May 14	11/11	
Ian Burke	Mar 06	11/11	Mr Burke has been committee chairman since 15 July 2011.
Clive Jennings	Jul 11	11/11	
Tim Scoble	Sep 11	10/11	Mr Scoble was unable to attend one meeting due to unforeseen circumstances.

REMUNERATION COMMITTEE

Tim Scoble,
Chairman of the remuneration committee

Chairman
Tim Scoble

Other committee members
Owen O'Donnell, Shaa Wasmund

Annual Statement

Introduction

On behalf of the board, I have pleasure in presenting Rank's directors' remuneration report for the year ended 30 June 2015. There are two parts to the report:

- The first sets out Rank's executive remuneration strategy and policy which was approved by shareholders on 22 April 2015 (the "Policy Report"); and
- The second describes how the remuneration policy has been implemented during the year ending 30 June 2015 (the "Annual Remuneration Report").

The text of the Policy Report is included for ease of reference only. At the Company's forthcoming annual general meeting on 15 October 2015, shareholders will be invited to approve the Annual Remuneration Report (by way of a non-binding advisory vote).

Performance outcome

The Group has performed strongly in the year, with all brands in growth with revenue up 3%, with a like-for-like stabilisation in our Mecca venues and strong growth in both our digital brands ahead of the implementation of the new digital platform.

Committee activity during the year

The key focus of the committee during the year has been to ensure alignment of remuneration policy with the Group's business strategy and to ensure that the Company's remuneration policy continues to be motivating, performance-related and retention focused. With this in mind the committee embarked on a review of the long-term incentive arrangements for the senior management team. During the first quarter of the current calendar year the committee received feedback from shareholders on proposals for a new long-term incentive plan. More information on this is set out on page 76. Not all shareholders hold the same views on executive remuneration and the committee has to balance the different perspectives. Above all, the committee needs to ensure that the remuneration arrangements enable Rank to attract, retain and motivate skilled directors and other senior executives of the highest calibre so as to deliver optimal returns for shareholders which are sustainable. In conclusion, the committee will continue to be mindful of the concerns of shareholders and other stakeholders, and welcomes shareholder feedback on issues related to executive remuneration.

Tim Scoble, Chairman of the remuneration committee
19 August 2015

Policy Report

The policy on remuneration of directors (the "Policy") is set out on the following pages and is provided for information only. A binding resolution was put to, and approved by, shareholders at a general meeting held on 22 April 2015 and this report has only been updated to reflect current director appointments, actual director remuneration for 2014/15, the approved long-term incentive plan (see pages 72 to 73) and is not being put to shareholders at the 2014/15 AGM.

A copy of the approved Remuneration Policy is available at: www.rank.com/en/investors/corporate-governance/terms-of-reference.html

Remuneration and components

The committee reviews the Company's remuneration philosophy and structure each year to ensure that the remuneration framework remains effective in supporting the Company's strategic objectives and fairly rewards individuals for the contribution that they make to the business, having regard to the size and complexity of the Group's operations and the need to motivate and attract employees of the highest calibre.

The performance of Rank is dependent upon the quality of its directors, senior executives and employees and therefore the Group seeks to attract, retain and motivate skilled directors and senior executives of the highest calibre, without paying more than is necessary. In order to attract such individuals the committee needs to ensure that the remuneration packages properly reflect an individual's duties and responsibilities, are appropriate and competitive, sensitive to pay elsewhere within the Group and directly linked to performance.

Committee's approach to setting pay policy

The committee intends that the base salary and total remuneration of executive directors should be in line with market median. Remuneration is benchmarked against rewards available for equivalent roles in suitable comparator companies, with the aim of paying neither significantly above nor below the median for each element of remuneration at par target performance levels.

The committee also considers general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market and economic conditions and to governance trends when assessing the level of salaries and remuneration packages of executive directors and other members of the executive committee.

The total remuneration package links corporate and individual performance with an appropriate balance between short- and long-term elements, and fixed and variable components. The policy is designed to incentivise executives to meet the Company's key objectives, and so a significant proportion of total remuneration is performance related.

The committee considers that the targets set for the different components of performance-related remuneration are both appropriate and sufficiently demanding in the context of the business environment and the challenges facing the Group.

Future policy table

The key components of executive directors' remuneration, as applicable from 22 April 2015, are summarised below:

Component	Purpose and link to business strategy	Mechanics Operation and performance framework
Base salary	To attract and retain skilled, high-calibre individuals to deliver the Group's strategy.	Base salaries are reviewed annually and are appropriately set to reflect: ~ the role's scope, responsibility and accountabilities; ~ market data; ~ general rates of increase across the Group; and ~ the performance and effectiveness of the individual. Any increase will take effect on 1 January of the following year.
Insured and other benefits	Insured and other benefits are offered to executive directors as part of a competitive remuneration package.	Insured benefits comprise private healthcare insurance for executive directors and dependants, life assurance and permanent health insurance. Other benefits comprise a cash car allowance and the fuel cost of all mileage (private and business). The amount of the cash car allowance is reviewed periodically by the committee in the light of market conditions.
Retirement provisions	Rewards sustained contribution and encourages retention.	Executive directors are automatically enrolled in The Rank Group Workplace Pension Scheme (the "Pension Scheme") in accordance with the Company's obligations under the Pensions Act 2008. The Company will contribute into the Pension Scheme at the rate of 10% of the executive director's base salary. If the executive director chooses to opt out of his automatic enrolment in the Pension Scheme he is entitled to receive a cash allowance of an annual amount equivalent to 10% of basic salary.
Annual bonus	Motivates the achievement of annual strategic, financial and personal performance. Rewards individual contribution to the success of the Company.	Rank operates an annual cash bonus scheme in which executive directors participate. Under the scheme an annual bonus pool is created based on the return on shareholder funds over a one-year period. The bonus plan operates on a pool system with sharing rates varying based on performance above a threshold. The mechanics of the plan are set by the committee at the start of the year with payment made after the year end following the committee's assessment of performance relative to targets. The primary performance measure is the return on shareholder funds, as this determines the size of the pool. The allocation of the pool between individuals is at the committee's discretion in light of the achievement of annual financial and strategic goals as well as individual performance. A full description of the performance measures in place and how this determines the bonus pool will be provided in the Annual Remuneration Report. The scheme operates a threshold level of performance below which no bonus is paid. However, the resulting pay-out, as a percentage of salary, will vary year-on-year in line with bonus pool funding.
Long-term incentive plan	The long-term incentive plan is intended to align the interests of the executive directors and shareholders through the creation of shareholder value over the long term.	The Rank Group Plc 2010 Long-Term Incentive Plan is currently the only long-term equity-based incentive scheme in place for the executive directors and other senior executives. Executive directors may receive contingent share awards which have the ability to vest after a three-year period based on the achievement of specified performance targets. The committee may apply a further holding period to all or part of the award to further align directors' interests with those of shareholders. The committee will determine measures and targets at the beginning of each cycle to ensure continuing alignment with strategy. Performance targets may relate to both financial and non-financial measures linked to the Company's long-term business strategy, including but not limited to: ~ Group EBITDA; ~ Group profit after tax; ~ Group annual active customers; ~ Group digital revenue; ~ Group ROCE; and ~ Strategic objectives of the Group.

	Maximum
	Ordinarily any increases in executive directors' base salaries will be limited to those received by the wider workforce during the year (except for reasons of promotion or salary being determined to be significantly out of line with market median).
The committee retains the discretion to offer relocation assistance in the form of an allowance or otherwise to support the movement of executive talent across the business. If provided, the committee aims to ensure payments are not excessive and support business needs. As such, relocation assistance will be reviewed on a case-by-case basis taking into account factors such as the individual's circumstances and the geographies involved, meaning that there is no prescribed formula for calculating the level or structure of payments.	It is anticipated that the provision of insured and other benefits will not exceed 10% of salary. The committee may exceed this should the cost of the benefits provided change in accordance with market conditions or in the event of the payment of relocation assistance.
The committee retains the discretion to honour all contractual pension arrangements agreed prior to the application of this Policy. Details of such arrangements are disclosed in the Annual Remuneration Report.	For all new appointments the maximum pension contribution (defined contribution or cash supplement) will be 10% of base salary. Legacy arrangements to be honoured (% of salary): FD – 15%
The measures governing the allocation of the pool to executive directors will be set and disclosed retrospectively on an annual basis, to the extent this is not commercially sensitive. The annual bonus plan is discretionary and the committee reserves the right to adjust payments up or down. Any such adjustment would only be in exceptional circumstances which would be outlined in the relevant year's Annual Remuneration Report. Clawback provisions do not apply to the annual bonus plan. To allow the committee to assess the quality of earnings over the year and to introduce an element of retention into the scheme, any cash bonuses earned by the executive directors will be subject to a six-month deferral period and will be paid in the December following the 30 June financial year end.	CEO: 100% of base salary FD: 80% of base salary
The following amounts will vest in accordance with performance: There is no threshold level of performance under the plan. Maximum: 100% Other points on the vesting schedule will be determined by the committee when the performance targets are set. At the end of the performance period, the committee will have absolute discretion to determine the extent to which the awards will vest, if at all, on account of underlying company performance. If discretion is applied, the level and reasons for its application will be fully disclosed in the following year's Annual Remuneration Report. Clawback and malus provisions will apply to awards made under the plan.	Normal maximum per annum award levels (% of salary) CEO: 200% FD: 133% An exceptional maximum per annum award level of 400% of salary is also effective under the policy. The committee does not intend to use the exceptional maximum beyond the first year of the policy where, for technical reasons, a higher maximum is required to implement the new long-term incentive plan. In this first year the actual value, at grant, of active awards will not exceed the normal maximum levels specified above. More detail will be available in the Annual Remuneration Report.

Additional notes to the Policy table

Setting of performance measures and targets

The committee reviews and selects performance measures at the beginning of each award cycle under both the annual bonus plan and the long-term incentive plan, being informed by the short- and long-term priorities of the Group at the time. The committee considers the Group's key performance indicators and strategic business plan when selecting measures and calibrating targets. Details of these are included in the Annual Report each year. Factors that the committee may consider include the benchmark return rate on shareholder funds, strategic plan, the annual budget, analysts' forecasts, economic conditions, individuals' areas of responsibility, the committee's expectations over the relevant period and input from the major shareholder.

Differences in the remuneration policy for executives relative to the broader employee population

The remuneration policy in place for the executive directors is informed by the structure operated for the broader employee population. Pay levels and components vary by organisational level but the broad themes and philosophy remain consistent across the Group:

~ salaries are reviewed annually with regard to the same factors as set out in the Policy table for executive directors;

~ consistent with executive directors, senior executives together with general and some operational managers of our business units participate in an annual bonus plan with bonus pool funding dependent on profit performance of the Group or brand depending on their level;

~ members of the senior management team can be considered for awards under the long-term incentive plan. This is intended to encourage share ownership in the Company and align the management team with the strategic business plan; and

~ eligibility for and provision of benefits and allowances varies by level and local market practice. It is standard for senior executives to receive a company car allowance. Pension provision below board level is overall at lower contribution rates, with the majority of Rank's eligible employees now being automatically enrolled into the NEST Workplace Pension Scheme. However, a significant proportion of employees remain in Rank's Stakeholder Pension Plan, where the standard contribution rates are the same as those offered to board-level members.

Potential reward opportunities at different levels of performance

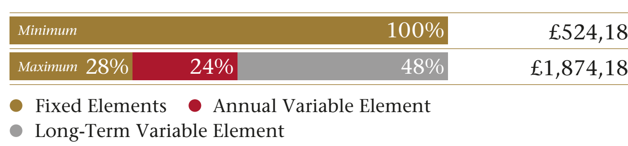
The graphs below exhibit remuneration Policy for existing executive directors and show indicative total remuneration levels under different performance scenarios. The remuneration policy results in a high proportion of total remuneration being dependent on performance, with a majority tied to the long-term performance of the Group.

The annual bonus and long-term incentive schemes do not operate an "on-target" award level. Under the bonus scheme awards will depend on bonus pool funding and as such are variable year-on-year. A maximum cap is in place under the scheme. Under the long-term incentive plan performance is considered against each selected metric independently with committee discretion applied as to the level of overall vesting. Given the structure of incentive arrangements we have not provided an "on-target" scenario in the following charts, rather a minimum and maximum only, which better reflects the operation of the incentive schemes at Rank. The two performance scenarios are calculated as follows:

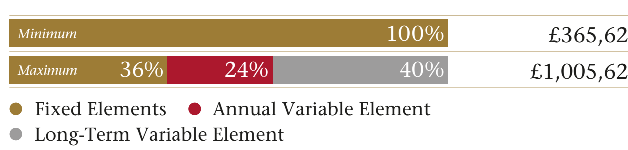
~ Minimum – performance below target which results in no variable remuneration being payable.

~ Maximum – 100% of the maximum annual cash bonus and full vesting of the long-term incentive award achieved. Normal maximum awards as described under the policy are presented.

CHIEF EXECUTIVE



FINANCE DIRECTOR



Assumptions:

~ Fixed elements comprise base salary, pension and benefits. Base salary and pension levels are as at 1 July 2015. Benefit levels are assumed to be the same as those provided during FY 2014/15.

~ The long-term incentive award values depicted in the charts above represent the annualised opportunity to directors under the currently-operated remuneration policy. Normal maximum awards as described under the Policy are presented.

~ No account is made for share price growth or the payment of dividends.

~ No element of pay for the chairman or non-executive directors varies with performance and so no separate graphs are included.

Approach to recruitment remuneration
The committee will apply the existing remuneration policy to new executive directors in respect of all components of remuneration. As such, the maximum level of variable remuneration which may be granted is 300% of salary on an annualised basis for the CEO and 213% of salary on an annualised basis for other executive directors.

The committee may also make an additional award of cash or shares on the appointment of a new director in order to compensate for the forfeiture of an award from a previous employer. Such awards would be made on a comparable basis, taking account of performance, the proportion of the performance period remaining and the type of award. The committee will set appropriate performance conditions and vesting would be on the same time horizon as the forfeited award.

For both internal and external appointments, the committee may agree that the Company will meet certain relocation expenses, as set out in the Policy table.

New non-executive directors will be appointed on the same remuneration elements as the existing non-executive directors. It is not intended that variable pay, day rates or benefits in kind be offered.

Approach to termination payments
The Company does not believe in reward for failure. The circumstances of a director's termination (including the director's performance) and an individual's duty to mitigate losses are taken into account in every case. Rank's policy is to stop or reduce compensatory payments to former executive directors to the extent that they receive remuneration from other employment during the compensation period.

Compensatory payments are limited to 12 months' base salary, cash car allowance and defined pension contributions (or salary supplements).

Annual bonus awards will lapse in their entirety in the event an individual is no longer employed or serving their notice period at the time of pay-out.

If the holder of a long-term incentive award ceases, for any reason, to be an executive director or employee of a Rank Group company, that holder's long-term incentive award shall lapse immediately upon them ceasing to be an executive director or employee. However, the committee may in its absolute discretion allow awards to continue until the normal vesting date and be satisfied, subject to the achievement of the relevant performance conditions. In such circumstances, awards vesting will be prorated on a time apportioned basis, unless the committee determines otherwise. Any such discretion in respect of leavers would only be applied by the committee to 'good leavers' where it considers that continued participation is justified, for example, by reference to past performance to the date of leaving.

Change of control
In the event of a change of control, the committee has absolute discretion as to whether and on what basis awards should vest under the long-term incentive plan. The committee would normally allow awards to vest upon a change of control subject to satisfaction of performance conditions and reduction on a time apportioned basis.

Executive directors' service agreements
It is the Company's policy that executive directors have rolling service agreements.

The current executive directors' service contracts contain the key terms shown in the table below:

Provision	Detailed terms
Remuneration	~ Base salary, pension and benefits ~ Cash car allowance ~ Private health insurance for director and dependants ~ Life assurance ~ Permanent health insurance ~ Participation in annual bonus plan, subject to plan rules ~ Participation in long-term incentive plan, subject to plan rules ~ 25 days' paid annual leave
Notice period	12 months' notice from both the Company and the director.
Termination payment	Payment in lieu of notice equal to: ~ 12 months' base salary ~ Cash car allowance ~ Pension supplement All of the above would be paid in monthly instalments, subject to an obligation on the part of the director to mitigate his loss such that payments would either reduce, or cease completely, in the event that the director gained new employment.
Restrictive covenants	During employment and for nine months after leaving.

Service agreements outline the components of remuneration paid to the individual director but do not prescribe how remuneration levels may be adjusted from year to year.

The executive directors have served on the board for the periods shown below and have service agreements dated as follows:

Position	Name	Date of contract	Length of board service as at 30 June 2015
Chief executive	Henry Birch	24 April 2014	1 year 2 months
Finance director	Clive Jennings	27 July 2011	3 years 11 months

Chairman
The Company separated the role of chairman and chief executive with effect from 6 May 2014.

The chairman, Ian Burke, has a letter of engagement dated 22 April 2014 which is effective from 6 May 2014 and which replaced his service agreement dated 6 March 2006 in respect of his former role as chief executive. He has initially been engaged as non-executive chairman for a period of three years. His appointment is terminable without compensation on three months' notice from either side. The chairman receives a fee of £150,000 per annum which includes his chairmanship of the nominations and finance committees. This fee will be reviewed annually by the committee, with reference to the size and complexity of the role and external market comparisons, in the final quarter of each calendar year with any increase taking effect on 1 January. The chairman is not entitled to any benefits in kind and is not eligible for pension scheme membership, bonus or incentive arrangements.

Non-executive directors' remuneration
The fees for the non-executive directors are generally reviewed and determined by the finance committee in the final quarter of each calendar year to reflect appropriate market conditions.

Non-executive director annual base and additional fees effective 1 January 2015 comprise:

Base non-executive annual fee	£46,000
Audit committee chair	£8,500
Remuneration committee chair	£7,500
Senior independent director	£2,500

The base fee includes membership of the audit, remuneration, nominations and finance committees. Non-executive directors are not entitled to any benefits in kind and are not eligible for pension scheme membership, bonus or incentive arrangements.

The Company reserves the right to review fee levels annually with reference to the size and complexity of the role and external market comparisons. Any increases to fee levels will be effective from 1 January the following year. The aggregate fees will not exceed the maximum permitted by the Company's articles of association, which is currently £500,000.

Non-executive directors have letters of engagement setting out their duties and the time commitment expected. They are appointed for an initial period of three years, after which the appointment is renewable by mutual consent at intervals of not more than three years. In accordance with the Code, all directors offer themselves for annual re-election by shareholders. Details of non-executive directors' appointments, which are terminable without compensation, are set out in the table below:

Non-executive director	Original date of appointment	Date of letter of engagement	Total length of service as at 30 June 2015
Chris Bell	1 June 2015	5 May 2015	1 month
Owen O'Donnell	11 September 2008	20 August 2008	6 years 9 months
Tim Scoble	22 April 2010	17 May 2010	5 years 2 months
Lord Kilmorey	1 May 2012	29 March 2012	3 years 2 months
Shaa Wasmund	1 November 2012	26 September 2012	2 year 8 months

Shareholder engagement
The voting results for the 2013/14 Remuneration Report were a marked improvement on the previous year and we thank shareholders for their support. The committee is encouraged by the shift in voting outcomes and is committed to further increasing the support received from all of our shareholders.

Feedback received from shareholders at the last annual general meeting centred around the governance of our executive pay programmes and structure of the long-term incentive. In response to these concerns we have taken several steps to optimise the arrangements in place. Specifically, the introduction of a new long-term incentive plan at the general meeting on 22 April 2015. This replaced our previous plan which has been cancelled and has lapsed in full. The new plan includes the following features:

~ clawback and malus provisions;
~ longer-term vesting periods of three, four and five years; and
~ re-alignment of performance metrics and weightings to our strategic plan.

Following consultation with our major shareholders we received largely positive feedback. However, some concerns remain, particularly regarding the use of a three-year block award. The committee feels strongly that this feature remains fit-for-purpose and will motivate the executive team to deliver value for shareholders over the longer term. In particular, we have received strong support for the plan from our majority shareholder.

We are committed to ongoing engagement with our shareholders and will continually review the remuneration policy to ensure that it remains fit-for-purpose and aligned with shareholder interests.

Statement of consideration of employment conditions elsewhere in the Company

As described in the notes to the Policy table on page 66 the overarching themes of the Policy in place for executive directors are broadly consistent with those applied to the wider employee population. The committee does not use any comparison metrics when reviewing pay in relation to the wider employee population, other than the consideration of the general rates of increase across the Group, nor does it deem it to be appropriate to consult with employees on the remuneration policy for executive directors.

Annual Remuneration Report

The directors' remuneration report has been prepared on behalf of the board by the remuneration committee (the "committee"), under the chairmanship of Tim Scoble.

The committee has applied the principles of good governance set out in the Corporate Governance Code and, in preparing this report, has complied with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations").

Rank's external auditor is required to report to shareholders on the audited information contained in this report and to state whether, in its opinion, it has been prepared in accordance with the Regulations.

For this purpose the audited information is:

~ Directors' single remuneration figure (page 70);

~ Pensions (page 73);

~ Long-term incentive awards made during the year (page 72);

~ Other payments and obligations (page 74); and

~ Directors' shareholdings (page 74).

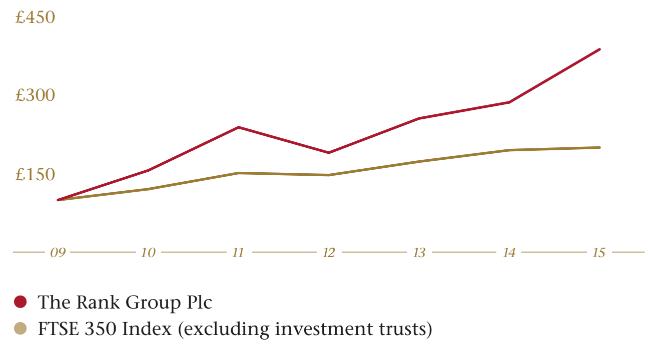
Total shareholder return

The following graph illustrates the Company's total shareholder return ("TSR") performance compared with the FTSE 350 index (excluding investment companies) for the six years to 30 June 2015. The committee has selected this index as the Company was a constituent of the FTSE 350 for the entirety of this period.

On page 71 is a table showing the single figure of total remuneration for the role of chief executive over the last six years. It should be noted that Henry Birch became chief executive in May 2014.

HISTORICAL TSR PERFORMANCE

Growth in the value of a hypothetical £100 holding over six years
Comparison based on spot values on 30 June each year



Directors' single remuneration figure

The table below presents a single remuneration figure for each director for the years ended 30 June 2015 and 30 June 2014 in respect of performance during the years ended on those dates:

2014/15	Fixed pay (£) Salary/fees	Taxable benefits[2]	Pension	Sub-total	Performance pay (£) Cash bonus	2012/13 LTIP vesting	Sub-total	2014/15 total remuneration (£)
Executive directors								
Henry Birch	£450,000	£29,188	£44,422	£523,610	£392,400	n/a	£392,400	£916,010
Clive Jennings	£300,000	£20,622	£44,132	£364,754	£195,000	n/a	£195,000	£559,754
Non-executive directors								
Chris Bell[1]	£4,042	n/a	n/a	£4,042	n/a	n/a	n/a	£4,042
Ian Burke	£150,000	n/a	n/a	£150,000	n/a	n/a	n/a	£150,000
Lord Kilmorey	£43,000	n/a	n/a	£43,000	n/a	n/a	n/a	£43,000
Owen O'Donnell	£51,500	n/a	n/a	£51,500	n/a	n/a	n/a	£51,500
Tim Scoble	£50,500	n/a	n/a	£50,500	n/a	n/a	n/a	£50,500
Shaa Wasmund	£43,000	n/a	n/a	£43,000	n/a	n/a	n/a	£43,000

1 Chris Bell joined the board on 1 June 2015. His fees are paid to his company, Star Tea Limited.
2 Taxable benefits comprise car allowance, fuel benefit and life, long-term disability and private medical insurances.

2013/14	Fixed pay (£) Salary/fees	Taxable Benefits	Pension	Sub-total	Performance pay (£) Cash bonus	2012/13 LTIP vesting	Sub-total	2013/14 total remuneration (£)
Executive directors								
Henry Birch[3]	£70,385	£4,517	£6,948	£81,850	£0	n/a	£0	£81,850
Ian Burke[4]	£476,137	£25,968	£161,698	£663,804	£0	£0	£0	£663,804
Clive Jennings	£300,000	£21,752	£44,145	£365,897	£0	£0	£0	£365,897
Non-executive directors								
Ian Burke[4]	£18,269	n/a	n/a	£18,269	n/a	n/a	n/a	£18,269
Colin Child[5]	£33,640	n/a	n/a	£33,640	n/a	n/a	n/a	£33,640
Lord Kilmorey	£40,000	n/a	n/a	£40,000	n/a	n/a	n/a	£40,000
Owen O'Donnell[6]	£41,646	n/a	n/a	£41,646	n/a	n/a	n/a	£41,646
Tim Scoble	£47,500	n/a	n/a	£47,500	n/a	n/a	n/a	£47,500
John Warren[7]	£14,550	n/a	n/a	£14,550	n/a	n/a	n/a	£14,550
Shaa Wasmund	£40,000	n/a	n/a	£40,000	n/a	n/a	n/a	£40,000

3 Henry Birch became chief executive on 6 May 2014.
4 Ian Burke resigned as chief executive on 6 May 2014 and continued to be paid his full salary until 16 May 2014 whereupon payment of his non-executive chairman fees began. Ian Burke received no other payments in connection with termination of his employment.
5 Colin Child became chairman of the audit committee on 18 October 2013 and resigned as a director on 18 March 2014.
6 Owen O'Donnell became chairman of the audit committee with effect from 22 April 2014.
7 John Warren resigned as a director on 17 October 2013.

Non-executive directors receive fees only, details of which are provided on page 68 together with the non-executive chairman's fees. These amounts are within the maximum annual aggregate amount of £500,000 permitted by the Company's articles of association.

The aggregate total annual amount received by all directors during the year ended 30 June 2015 is shown below:

	2014/15	2013/14
Executive directors	£1,475,764	£1,111,551
Chairman[7] and non-executive directors	£342,042	£235,605
Total	£1,817,806	£1,347,156

7 The separate role of non-executive chairman was created with effect from 6 May 2014 and was remunerated with effect from 17 May 2014.

Performance pay

The tables below show former and current chief executive total remuneration over the last six years (in the case of Henry Birch, since his date of appointment on 6 May 2014) and their achieved annual variable and long-term incentive pay awards as a percentage of the plan maximum:

Henry Birch (from 6 May 2014)	Single figure of total remuneration	Annual cash bonus: actual pay out vs. maximum opportunity	LTIP vesting rates against maximum opportunity
2014/15 (12 months)	£916,010	£392,400	0.00%
2013/14 (2 months)	£81,850	£0	n/a

Ian Burke (until 16 May 2014)	Single figure of total remuneration	Annual cash bonus: actual pay out vs. maximum opportunity	LTIP vesting rates against maximum opportunity
2013/14 (10.5 months)	£663,804	0.00%	0.00%
2012/13 (12 months)	£1,267,489	0.00%	96.25%
2011/12 (18 months)	£3,254,000[1]	40.00%	100.00%
2010 (12 months)	£1,083,000	63.50%	0.00%
2009 (12 months)	£1,110,000	69.50%	0.00%

1 This included an exceptional discretionary bonus equal to 100% of base salary to reward exceptional efforts on behalf of the then chief executive in creating additional sustainable long-term shareholder value via the transformation of the Company's balance sheet that was paid by three equal instalments in September 2012, April 2013 and December 2013.

Base salary

There were no increases to base salary for the executive directors during the year ended 30 June 2015. Base salaries for executive directors as at 1 July 2015 are:

- Chief executive – £450,000
- Finance director – £300,000

Annual bonus plan

The annual bonus plan is structured as a pool funded each year as a percentage of adjusted profit after tax with the sharing rate dependent on performance. Performance is based on the rate of return achieved on opening shareholder funds. Opening shareholder funds is determined by the market value of the Group when the scheme was introduced in July 2012, inflated annually by the difference between continuing profit after tax, and exceptionals for the year and dividends paid to shareholders. The target rate of return is set at the beginning of each year by the committee. For 2014/15 the target rate of return was set at 8% and for 2015/16 has been set at 9%, at which point a bonus pool of 2.25% of shareholder funds is created for the executive directors and other executive committee members. The remuneration committee has the discretion to exclude items reported as discontinued or exceptional. The bonus pool is allocated at the discretion of the committee with regard to individual, corporate and relative performance to peers.

2014/15 annual cash bonus

The target Group profit after tax in order to trigger creation of a bonus pool for the year was £37.8m, with the target required for maximum bonus entitlement being £94.1m. The Group actually achieved £65.8m which resulted in the creation of a bonus pool of £1.3m for executive directors and other members of the executive committee listed on page 48.

Contingent share awards with a performance period ended on 30 June 2015

In April 2015 the chief executive and finance director surrendered their contingent share awards with a performance period ended on 30 June 2015. Neither the chief executive nor the finance director had any right to a payment with respect to his award as a consequence of the surrender. Details of the surrendered awards can be found below for reference:

	2012/13 award	
Director	CEO (Henry Birch)	FD (Clive Jennings)
Plan	2010 LTIP	2010 LTIP
Date of grant	29 May 2014	26 June 2013
Number of shares comprised in award	656,250	770,218
Market value of award at grant	£1,050,000[1]	£1,200,000
Annualised market value of award at grant	£350,000[1]	£400,000
Performance period	1 July 2012 to 30 June 2015	
Status of award	Surrendered	

1 Henry Birch's award was pro-rated so as to reflect his joining part way through the three-year performance period.

The table below, which is unaudited, sets out the percentage of each LTIP award made to executive directors which has vested within the last five years:

Year of award	Maturity date	Performance conditions	Performance indicative vesting percentage	TSR adjusted vesting performance
2007	1 January 2010	Adjusted EPS	43.5%	0.0%
2007	1 January 2011	Adjusted EPS	58.0%	0.0%
2008	1 January 2011	Adjusted EPS	100.0%	100.0%
2009	1 January 2012	Adjusted EPS	100.0%	100.0%
2010	1 January 2013	Adjusted EPS	96.25%	96.25%
2011	1 January 2014	Adjusted EPS	0.0%	0.0%
2012-13[2]	1 July 2015	Various	n/a	n/a

2 In April 2015 the chief executive and finance director surrendered their contingent share awards, granted in 2012/13. No subsequent payment can therefore be received.

Long-term incentive awards made during the year

Following shareholder approval of the changes to the Plan Rules and the Policy at the general meeting on 22 April 2015, contingent share awards were made to the executive directors, other executive committee members and other key members of the senior management team.

Details of the awards made to the executive directors are set out below:

Director	2014/15 award CEO (Henry Birch)	 FD (Clive Jennings)
Plan	2010 LTIP	2010 LTIP
Date of grant	22 April 2015	22 April 2015
Number of shares comprised in award	1,373,684	607,895
Market value of award at grant	£2,610,000	£1,155,001
Annualised market value of award at grant	£870,000	£385,000
Annualised percentage of salary	193%	128%
Performance period	1 July 2014 to 30 June 2017	
Earliest vest date for first instalment	1 December 2017 (45%)	
Vest date for second instalment	1 December 2018 (30%)	
Vest date for third instalment	1 December 2019 (25%)	
Award targets for performance period ended 30 June 2017		
50% of the Award is based on Group and brand financial performance, including:		
	Financial year ended 30 June 2017	
	Target for threshold (37.5%) vest	Target for maximum (50%) vest
Group EBITDA	£136.0m	£148.0m
Group profit after tax	£64.0m	£72.0m
Group digital revenue	£106.0m	£121.0m

50% of the Award will be based on a balanced scorecard of non-financial and strategic measures linked to the following business objectives:

Business objectives	Non-financial strategic measures, including:
Building Rank's digital capabilities:	• new digital platform in place during the course of the 2015/16 financial year
Creating a multi-channel offering:	• single account and wallet functionality by the end of calendar year 2016
Investment in technology to improve efficiency and customer experience:	• range of product and functionality improvements and developments driving revenue efficiencies and customer experience
Other strategic imperatives:	• development of bingo clubs in line with commitment to Government

Subject to satisfactory average return on capital employed ('ROCE')

At the end of the performance period, the committee will consider performance delivered in light of the Group's average ROCE within the performance period, with absolute discretion to determine the extent to which the Awards will vest, if at all, on account of ROCE performance. In considering ROCE performance, the committee will expect at least a 15% return to have been achieved.

Active contingent share awards and targets as at 30 June 2015

The only outstanding contingent share awards made under the LTIP are those with a three-year performance period ended on 30 June 2017, details of which are set out above.

Pensions

Throughout the year ended 30 June 2015, each of Henry Birch and Clive Jennings received a salary supplement equal to, respectively, 10% and 15% of base salary, less the prevailing Lower Earnings Limit (LEL).

Executive director	Amount paid
Henry Birch	£44,422
Clive Jennings	£44,132

Benefits

Executive director	Company car	Other benefits	Total benefits paid
Henry Birch	£20,000	£9,188	£29,188
Clive Jennings	£12,750	£7,872	£20,622

Other payments and obligations

No executive directors left the Company during the year ended 30 June 2015 and therefore no payments for compensation for loss of office were paid to, or receivable by, any director (30 June 2014: £nil). With the exception of a payment to the widow of John Garrett, a former executive director who resigned on 2 February 1998, who received £45,343 (2013/14: £44,603) in respect of an unfunded pension obligation, no payments were made during the year ended 30 June 2015 to any past director of the Company.

External appointments

Executive directors are not permitted to take up non-executive directorships outside the Group.

Share ownership guidelines and directors' interests in shares

Below we set out details of the share ownership guidelines that were reinstated during the year following the resolution of the Company's free float position (see pages 6 and 7). Executives have five years from the reinstatement of the guidelines on 2 March 2015 or, if later, their appointment, to build up their shareholdings.

Chief executive	150%
Finance director	100%
Other executive committee members	50%

Directors' shareholdings as at 30 June 2015 and as at 19 August 2015 are set out in the table below:

Name	Ordinary $13\frac{8}{9}$p shares as at 30 June 2015 and as at 19 August 2015	Ordinary $13\frac{8}{9}$p shares as at 1 July 2014
NON-EXECUTIVE DIRECTORS		
Chris Bell	0	n/a
Ian Burke	763,556	763,556
Lord Kilmorey	21,100	0
Owen O'Donnell	21,224	21,224
Tim Scoble	0	0
Shaa Wasmund	0	0
EXECUTIVE DIRECTORS		
Henry Birch	100,000	0
Clive Jennings	25,000	0

Dilution limits

The LTIP, being the Company's only equity-based incentive plan, incorporates the current ABI guidelines on headroom which provide that overall dilution under all plans should not exceed 10% over a 10-year period in relation to the Company's issued share capital with a further limitation of 5% in any 10-year period for executive plans.

The committee regularly monitors the position and prior to the making of any award considers the effect of potential vesting of awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from the calculations. No treasury shares were held or utilised in the year ended 30 June 2015.

Relative importance of spend on pay

The table below shows the expenditure and percentage change in overall spend on employee remuneration and distributions paid to shareholders through the dividend paid in the year and share buybacks.

	2014/15	2013/14	Percentage change
Overall expenditure on pay	£214.7m	£211.2m	2%
Dividend paid in the year	£18.6m	£ 16.4m	13%
Share buyback	£ nil	£ nil	0%

Statement of change in pay of chief executive compared with other employees

The table below sets out the chief executive's base salary, benefits and annual bonus amounts for the year ended 30 June 2015. As the chief executive was appointed during the prior year, no year-on-year change can be reported. We show the average change in gross earnings for all UK employees across the Group.

	Chief executive		All UK employees[2]
	12 months to 30 June 2015	percentage change[1] (2013/14 vs. 2014/15)	percentage change (2013/14 vs. 2014/15)
Salary	£450,000	n/a	n/a
Benefits	£29,188	n/a	n/a
Bonus	£392,400	n/a	n/a
Gross earnings[3]	£871,588	n/a	1.3%

1 Mr Birch joined the Group on 6 May 2014 and has not had a pay increase since then.
2 For the avoidance of doubt 'all UK employees' includes the former and current chief executives. Individual compensation elements for the wider employee population are not readily available to compare separately, hence providing gross earnings as our main comparison metric.
3 'Gross earnings' excludes insured benefit and pension payments.

Role and remit of the committee
The committee assists the board in setting the remuneration packages for the Company's executive directors and other executive committee members.

The committee has three scheduled meetings a year to discuss a rolling agenda of items and additional meetings are convened as necessary. By invitation, the chairman, chief executive, company secretary, finance director and human resources director attend and contribute to meetings, but are not present at discussions regarding their own remuneration.

The committee's formal terms of reference are available on Rank's website at: www.rank.com/en/investors/corporate-governance/terms-of-reference.html.

Committee membership and meeting attendance
Biographical details of the current members of the committee are set out on page 47. The Group company secretary acts as secretary to the committee. The committee met on eight occasions during the year.

COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

Name	Committee member since	Attendance / Eligibility to attend	Notes
Owen O'Donnell	Jan 10	8/8	
Tim Scoble	Sep 11	8/8	Mr Scoble has been committee chairman since 1 July 2013.
Shaa Wasmund	Jul 13	7/8	Ms Wasmund was unable to attend one meeting due to unforeseen circumstances.

Committee activity during the year
Matters discussed by the committee during the year included the following:

~ long-term incentive plan;
~ changes to remuneration policy;
~ institutional shareholder feedback on proposed changes to remuneration policy;
~ remuneration packages for new members of the executive committee;
~ 2015 fixed pay review;
~ 2014/15 annual bonus payments;
~ 2015/16 annual bonus plan structure and targets;
~ annual review of remuneration policy and practices; and
~ review and approval of the Policy Report and the Annual Remuneration Report.

Advisers to the committee
The committee has access to external information and research on market data and trends from independent consultants. After a tender process Towers Watson was appointed as external remuneration advisers to the committee. They have been sole advisers to the committee since January 2007. Towers Watson is a member of the Remuneration Consultants' Group, the body which oversees the code of conduct in relation to executive remuneration consulting in the United Kingdom.

The chief executive, the company secretary, the finance director and the human resources director provided assistance to the committee during the year. They attended meetings of the committee, although none of them was involved in any decision relating to his or her own remuneration.

Towers Watson attended two out of the committee's eight meetings during the year. During the year, the committee requested Towers Watson to advise on matters including remuneration of the chairman, non-executive directors, executive directors and other executive committee members. Towers Watson also provided the TSR performance graph for the directors' remuneration report. Towers Watson was paid fees totalling £67,133 for services provided to the committee during the year (fees are based on hours spent). Towers Watson did not provide any other services to the Group during the period under review.

Committee evaluation
The committee's performance during the period under review was assessed via confidential questionnaires with committee members and other individuals who support its work. Results were then reviewed by the committee chairman and discussed with the board. The board agreed that the committee continued to perform effectively.

Shareholder consultation and voting outcome
During the year the committee, through its chairman, consulted its majority shareholder and others of its larger shareholders with regard to their views on proposed changes to Rank's executive directors' remuneration arrangements, the main features of which were as follows:

- a maximum vesting period of five and a half years made up of a three-year performance period and phased holding periods up to two and a half years. This time horizon was more closely aligned with sustainable long-term value creation for shareholders;
- performance to be measured by financial measures (50%); EBITDA, profit after tax and digital revenue, alongside a balanced scorecard of strategic non-financial measures (50%), all of which are aligned to our long-term strategic plan;
- the awards to be structured as contingent block awards intended to ensure executives' focus on the long-term success of the business; and
- clawback and malus provisions to be introduced to strengthen the committee's governance of the incentive plan.

The above necessitated amendments to the Rules of The Rank Group Plc 2010 Long-Term Incentive Plan (the "Plan Rules") and minor changes to the long-term incentive section of our directors' remuneration policy that was approved by shareholders in October 2014 (the "Policy").

Shareholder feedback from that consultation process that took place in the first quarter of the current calendar year and the committee's response included:

Shareholder comment on proposals	Committee response
Threshold vesting level too high	One of the main criticisms of Rank's historic long-term incentive plans by Rank's majority shareholder was that they tended to reward relatively modest growth at threshold performance levels. We have subsequently toughened the performance expectations at threshold vesting significantly in order to ensure that minimum performance requires management to achieve stretching results. Whilst the committee understands that UK market practice tends to favour a lower vesting percentage at threshold, our majority shareholder supports the view that a higher vesting percentage at this level of performance is warranted to incentivise management given the stretching targets.
Performance metric	The committee considered carefully shareholders' comments regarding metrics and as a result of those comments resolved to underpin the scheme with a return on capital employed ('ROCE') measure.
Weighting for non-financial metrics	The committee has considered this carefully and believes that the weighting is appropriate given our strategic direction and long-term goals for the business.
Performance period start date	Henry Birch joined us as our new chief executive on 6 May last year. The committee considered it entirely appropriate that Mr Birch and his team had an appropriate long-term incentive in place. The base from which the targets for the scheme to be put to shareholders was the commencement of the then current financial year. Regrettably it had taken longer than the committee had hoped to have the mechanics of the scheme debated internally. Nevertheless, Mr Birch and his team had been working to the specified financial and non-financial metrics since the start of the then current financial year on 1 July 2014 and therefore the committee felt it appropriate for the commencement of the performance period to be 1 July 2014.

Shareholder vote on amended 2010 LTIP and remuneration at 2015 general meeting

The table below shows the voting outcome for the changes to the Plan Rules and the Policy that were put to shareholders at a general meeting held on 22 April 2015:

	N° of votes 'For' and 'Discretionary'	% of votes cast	N° of votes 'Against'	% of votes cast	Total N° of votes cast	% of total shareholders eligible to vote	N° of votes 'Withheld'[1]
Including majority shareholder							
Amendments to Plan Rules	282,350,330	78.25%	78,489,271	21.75%	360,839,601	92.36%	2,821,403
Amendments to Policy	285,119,243	78.41%	78,509,080	21.59%	363,628,323	93.07%	32,681
Excluding majority shareholder							
Amendments to Plan Rules	64,317,361	45.04%	78,489,271	54.96%	142,806,632	82.71%	2,821,403
Amendments to Policy	67,086,274	46.08%	78,509,080	53.92%	145,595,354	84.33%	32,681

1 A vote 'withheld' is not a vote in law.

Shareholder vote on 2013/14 directors' remuneration report at 2014 annual general meeting

The table below shows the voting outcome for the 2013/14 directors' remuneration report at the 2014 annual general meeting, both including and excluding the Company's majority shareholder:

	N° of votes 'For' and 'Discretionary'	% of votes cast	N° of votes 'Against'	% of votes cast	Total N° of votes cast	% of total shareholders eligible to vote	N° of votes 'Withheld'[1]
Including majority shareholder	320,505,611	89.99%	35,654,507	10.01%	356,160,118	91.16%	55,421
Excluding majority shareholder	52,472,642	59.54%	35,654,507	40.46%	88,127,149	71.85%	55,421

1 A vote 'withheld' is not a vote in law.

Implementation of policy in 2015/16

For the following financial year it is not anticipated that the remuneration policy outlined on pages 63 to 67 will change and therefore the committee will manage pay decisions within the set policy.

Salaries will be reviewed with any changes effective 1 January 2016. The executive directors will participate in the annual bonus plan. As in previous years, a pool will be generated based on growth in profit. It is the view of the committee that the absolute targets, as well as the targets governing individuals' allocations, are commercially sensitive. The profit growth targets and actual performance will be disclosed in next year's report as they have been this year.

We believe that our policy continues to be aligned with our strategic goal of creating long-term sustainable value for shareholders. We welcome shareholder feedback on issues related to executive remuneration.

Tim Scoble, Chairman of the remuneration committee
19 August 2015

The directors present their report together with the audited consolidated financial statements for the year ended 30 June 2015.

The Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "2008 Regulations"), the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008, the Financial Reporting Council's UK Corporate Governance Code (September 2012) (the "Code"), the Financial Conduct Authority's (the "FCA") Listing Rules ("LR") and the FCA's Disclosure Rules and Transparency Rules ("DTR") contain mandatory disclosure requirements in relation to this annual report in respect of the year ended 30 June 2015.

The directors' report should be read in conjunction with the strategic report (which incorporates the operating responsibly report) and the corporate governance statement, which are incorporated by reference in the directors' report.

Strategic report disclosures – Information that the board considers to be of strategic importance which would otherwise need to be disclosed in the directors' report has been included in the strategic report as permitted by Section 414C(11) of the Companies Act 2006. References to where that information can be found are provided in the index below.

Information required in the directors' report	Location in strategic report	Page N°
Business description	Group at a glance	8
Business objectives, strategies and likely future developments	Strategy and key performance indicators	15
Corporate responsibility: employees and community	Operating responsibly	34 to 36
Diversity	Operating responsibly	35
Dividends	Chairman's letter	7
Employment of disabled persons	Operating responsibly	35
Employee engagement	Operating responsibly	34
Going concern	Financial review	39
Greenhouse gas emissions	Operating responsibly	37
Principal risks and uncertainties	Principal risks and uncertainties	21
Profits	Financial review	38
Research and development	Strategy and key performance indicators	15

Disclosures required under Listing Rule ("LR") 9.8.4 R

For the purpose of LR 9.8.4C R, the information required to be disclosed in accordance with LR 9.8.4 R can be found in the locations specified below where applicable to Rank:

Information required by LR 9.8.4 R		Location of disclosure	Page N°
(1)	Group capitalisation of interest	Not applicable	–
(2)	Unaudited financial information	Not applicable	–
(3)	Deleted	Not applicable	–
(4)	Long-term incentive scheme arrangements established for one director	Not applicable	–
(5)	Directors' waiver of emoluments	Not applicable	–
(6)	Directors' agreement to waive future emoluments	Not applicable	–
(7)	Share capital – cash allotments otherwise than pro rata on a pre-emptive basis by the Company	Not applicable	–
(8)	Share capital – cash allotments otherwise than pro rata on a pre-emptive basis by major subsidiary undertakings	Not applicable	–
(9)	Participation of parent company in any placing	Not applicable	–
(10)	Contracts of significance with directors and controlling shareholder	Not applicable	–
(11)	Contracts for the provision of services by controlling shareholder	Not applicable	–
(12)	Shareholder waivers of dividends	Not applicable	–
(13)	Shareholder waivers of future dividends	Not applicable	–
(14)	Existence of controlling shareholder relationship agreement	Governance: Directors' report	80

Directors

The directors who served during the period under review are:

Name	Position	Effective date of change
Ian Burke	Chairman	
Chris Bell	Senior Independent Director	Appointed 1 June 2015
Henry Birch	Chief Executive	
Clive Jennings	Finance Director	
Lord Kilmorey	Non-executive Director	
Owen O'Donnell	Non-executive Director	
Tim Scoble	Non-executive Director	
Shaa Wasmund	Non-executive Director	

Incorporation and registered office

The Rank Group Plc is incorporated in England and Wales under company registration number 03140769. Its registered office is at Statesman House, Stafferton Way, Maidenhead SL6 1AY.

Stock market listing

The ordinary shares of the Company have been listed on the Official List and traded on the main market of the London Stock Exchange for listed securities since 7 October 1996 (Share Code: RNK and ISIN: GB00B1L5QH97). This is classified as a premium listing. The share registrar is Equiniti Limited.

Share capital

The Company's authorised share capital as at 30 June 2015 was £180m, divided into 1,296,000,000 ordinary shares of 13$^8/_9$p each. The ordinary shares are listed on the London Stock Exchange and can be held in certificated or uncertificated form. There were 390,683,521 shares in issue at the period end (390,683,521 as at 30 June 2014), which were held by 11,009 registered shareholders (11,320 as at 30 June 2014).

Distribution of registered shareholders as at 30 June 2015

Range	Total N° of regd shareholders	% of holders	Total N° of shares	% of issued share capital
1 – 1,000	9,255	84.07%	1,817,771	0.47%
1,001 – 5,000	1,340	12.17%	2,788,611	0.71%
5,001 – 10,000	152	1.38%	1,059,839	0.27%
10,001 – 100,000	183	1.66%	5,600,831	1.43%
100,001 – 1,000,000	55	0.50%	18,399,083	4.71%
1,000,001 and above	24	0.22%	361,017,386	92.41%
Totals	11,009	100.00%	390,683,521	100.00%

Significant shareholders

Controlling shareholder

Hong Leong Company (Malaysia) Berhad ("Hong Leong"), the ultimate parent company of Guoco Group Limited ("Guoco"), has a controlling interest in Rank consequent upon the general offer made by its Hong Kong listed subsidiary company, Guoco, via its wholly-owned subsidiary, Rank Assets Limited (then known as All Global Investments Limited), and which completed on 15 July 2011. On 3 July 2013 Guoco announced that it had declared a special interim dividend in specie of approximately 88.84 million Rank shares representing 22.74% of Rank (the "Distribution"). As a consequence of the Distribution, with effect from 9 September 2013, Hong Leong's interest in Rank shares reduced to approximately 68.89% held as to 51.76% by Guoco, 16.85% by Guoco's immediate parent company, GuoLine Overseas Limited ("GuoLine"), and 0.28% by Asian Financial Common Wealth (PTC) Limited ("AFCW"). On 18 February 2015, GuoLine sold 50 million Rank shares, thereby reducing Hong Leong's interest in Rank shares to approximately 56.09% held as to 51.76% by Guoco, 4.05% by GuoLine and 0.28% by AFCW. On 28 July 2015, Hong Leong advised Rank that AFCW had on 29 June 2015 transferred its interest in Rank shares to Guoco.

Hong Leong Group is a leading conglomerate based in Malaysia with diversified businesses in banking and financial services, manufacturing and distribution, property development and investments and hospitality and leisure. Further information on the Hong Leong group of companies can be found at www.hongleong.com.

Guoco is an investment holding company. The principal activities of its subsidiaries and associated companies include investment, property development, financial services and hospitality and leisure. Further information on the Guoco group of companies can be found at www.guoco.com.

On 10 November 2014 Rank entered into an agreement with Hong Leong and Guoco (together the "Controlling Shareholder") in accordance with the requirements of LR 9.2.2AR(2)(a) (the "Relationship Agreement"). During the period under review Rank has complied with the independence provisions included in the Relationship Agreement and, so far as Rank is aware, the independence provisions included in the Relationship Agreement have been complied with during the period under review by the Controlling Shareholder and its associates. So far as Rank is aware, the procurement obligations included in the Relationship Agreement have been complied with during the period under review by the Controlling Shareholder.

Interests of 3% or more

The following interests of 3% or more of the total voting rights attached to ordinary shares have been notified to the Company in accordance with the FCA's DTRs. Due to the fact that the DTRs only require notification where the percentage voting rights reach, exceed or fall below 3% and each 1% threshold above 3%, there is a difference between disclosures made pursuant to the DTRs and those disclosed in responses to s.793 Companies Act 2006 ("CA 2006") notices issued by the Company. We have included below voting rights in respect of both DTRs disclosures and s.793 CA 2006 responses up to and including 31 July 2015.

		As per FCA DTRs disclosures as at 19 Aug 2015		As per s.793 CA 2006 enquiry responses as at 30 Jun 2015		As per s.793 CA 2006 enquiry responses as at 31 Jul 2015	
Date last notified under DTR	Shareholder	% held	Voting rights	% held	Voting rights	% held	Voting rights
26 Feb 2015	Hong Leong Co. (Malaysia) Berhad	56.09%	219,120,221	56.09%	219,120,221	56.09%	219,120,221
9 Mar 2012	Prudential plc and subsidiary companies	5.85%	22,878,293	7.51%	29,351,176	7.52%	29,365,984
–	Fidelity Worldwide Investment	–	–	7.47%	29,174,619	7.47%	29,174,619
–	Artemis Investment Management	–	–	4.69%	18,334,349	4.77%	18,635,187
28 Mar 2012	Ameriprise Financial, Inc. and its group companies (Threadneedle Retail Funds – Linked Strategies)	5.03%	19,640,833	4.21%	16,447,604	4.21%	16,447,604

Under Listing Rule 6.1.19 R, shares held by persons who have an interest in 5% or more of a listed company's share capital are not regarded as being in public hands (the "free float"). Under this rule, the shares held by Hong Leong, Prudential and Fidelity are not regarded as being in public hands. Notwithstanding this, however, the Company was as at 30 June 2015, and is currently, in compliance with the minimum free float of 25% prescribed by Listing Rule 6.1.19 R.

Rights and restrictions attaching to shares

Voting rights

Each ordinary share carries the right to one vote at general meetings of the Company.

Meeting rights

Registered holders of ordinary shares are entitled to attend and speak at general meetings and to appoint proxies.

Information rights

Holders of ordinary shares are entitled to receive the Company's annual report and financial statements.

Share transfer restrictions

There are no specific restrictions on the transfer of shares contained in the Company's articles of association.

The Company is not aware of any agreements between the holders of Rank shares that may result in restrictions on the transfer of shares or that may result in restrictions on voting rights.

Variation of rights

Subject to applicable legislation, the rights attached to Rank's ordinary shares may be varied with the written consent of the holders of at least three quarters in nominal value of those shares, or by a special resolution passed at a general meeting of the ordinary shareholders.

Directors' powers in relation to shares

Allotment and issue of shares

Subject to the provisions of the CA 2006, and subject to any resolution passed by the Company pursuant to the CA 2006 and other shareholder rights, shares in Rank may be issued with such rights and restrictions as the Company may by ordinary resolution decide. If there is no such resolution or so far as the Company does not make specific provision, they may be issued as Rank's board of directors may decide. Subject to the Company's articles of association, the CA 2006 and other shareholder rights, unissued shares are at the disposal of the board.

The Company currently has no shareholder authority to allot and grant rights over any proportion of the Company's unissued share capital, nor does it have shareholders' authority to allot and grant rights over ordinary shares without first making a pro rata offer to all existing ordinary shareholders. Neither of these authorities is required for the purpose of allotting shares pursuant to employee share schemes. Since the board has no present intention of allotting shares for any other reason, these shareholder authorities will not be sought at the forthcoming annual general meeting.

Market purchases of own shares

The Company currently has no shareholder authority to make market purchases of its own shares. Shareholder approval will be sought at the 2015 annual general meeting to obtain the standard authority for one year.

Directors' other powers

Subject to legislation, the directors may exercise all the powers permitted by the Company's memorandum and articles of association. A copy of these can be obtained by writing to the company secretary, or from Companies House.

The articles contain provisions to empower the directors in certain specific matters, including:

- appointment of directors, subject to subsequent shareholder approval;
- delegation of powers to a director, secretary or committee of one or more persons;
- the Company's powers to borrow money; and
- the ability of a director to vote on matters in which he has an interest.

Changes to the Company's articles of association can only be made by a resolution passed by a majority of no less than 75% of shareholders.

Change of control

Our principal term loan and credit facility agreements contain provisions that, on a change of control of Rank, immediate repayment can be demanded of all advances and any accrued interest.

The provisions of the Company's share schemes and incentive plans may cause options and awards granted to employees to vest in the event of a takeover.

A change of control may also affect licences to operate, as specified in the provisions of the Gambling Act 2005 and the Alderney eGambling Regulations 2009 (as amended) and the Belgian Games of Chance Act 1999 (as amended).

Political donations

We made no political donations during the period under review.

It has been Rank's long-standing practice not to make cash payments to political parties and the board intends that this will remain the case. However, the CA 2006 is very broadly drafted and could catch activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review and law reform and matching employees' donations to certain charities. Accordingly, as in previous years, the directors will be seeking shareholders' authority for political donations and political expenditure at the forthcoming annual general meeting in case any of Rank's activities are inadvertently caught by the legislation.

By order of the board

Frances Bingham, Company Secretary
19 August 2015

Annual report and financial statements

The directors are responsible for preparing the annual report (including the directors' report, the strategic report, the directors' remuneration report and the corporate governance statement) and the financial statements of the Group and the Company, in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law, the directors are required to prepare Group financial statements under IFRSs as adopted by the European Union. As permitted by the Companies Act 2006, the directors have elected to prepare the Company financial statements under IFRSs as adopted by the European Union. Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Group and Company financial statements, the directors are required to:

~ present fairly the financial position, financial performance and cash flows of the Group and Company;

~ select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;

~ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

~ make judgements that are reasonable;

~ provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and final performance; and

~ state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

Accounting records

The directors must keep proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and ensure that the Group financial statements comply with the Companies Act 2006 and, for the Group financial statements, Article 4 of the International Accounting Standard (IAS) Regulation.

Safeguarding assets

The directors are also accountable for safeguarding the assets of the Company and the Group and, therefore, for taking reasonable steps to prevent and detect fraud and other irregularities.

Corporate website

The maintenance and integrity of Rank's corporate website, on which this annual report and financial statements are published, is the board's responsibility. We would draw attention to the fact that legislation in the UK on the preparation and publication of financial statements may differ from that in other jurisdictions.

Statement of directors' responsibilities

The annual report and financial statements are the responsibility of, and have been approved by, the directors.

Each of the directors named on pages 46 and 47 confirms that to the best of his / her knowledge:

~ the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;

~ the financial statements, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

~ the strategic report includes a review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the risks and uncertainties that they face.

On behalf of the board

Henry Birch, Chief Executive
19 August 2015

Clive Jennings, Finance Director
19 August 2015

Financial statements

Audit report on the consolidated financial statements

To the Shareholders of The Rank Group Plc:

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

We have audited the financial statements of The Rank Group Plc for the year ended 30 June 2015 which comprise the Group income statement, the Group statement of comprehensive income, the Group and Company balance sheets, the Group and Company statements of changes in equity, the Group and Company statements of cash flow, and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 82, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risk of material misstatement

We identified the following risks that have the greatest impact on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

- Revenue recognition – inaccuracy of the measurement and completeness of revenue reported from casino and bingo venues;
- Revenue recognition – inaccuracy of the measurement, completeness and occurrence of revenue reported from casino and bingo digital channels;
- Identification and assessment of the valuation of intangible and tangible assets, goodwill and investments;
- Incorrect valuation and incomplete provisions made in relation to property leases; and
- Inaccurate valuation and incomplete provisions made in relation to direct and indirect tax risk exposures and claims/reclaims in relation to continuing and discontinued businesses.

Our response to the risks of material misstatement identified above included the following procedures:

Risk	Our response to these risks	Observations
Revenue recognition – inaccuracy of the measurement and completeness of revenue reported from casino and bingo venues – We consider there is a potential for fraud at a club level and opportunity presented for collusion within venues. Revenue could be inaccurately stated as a result.	~ We updated our understanding of the revenue processes and tested key management controls for recognition and measurement of revenue, both at a site level and head office level; ~ We traced a sample of revenue transactions from cash banked to revenue booked to the general ledger; ~ We verified the recognition and measurement of revenue by re-performing cash counts throughout the year at a sample of casino and bingo venues; ~ We assessed the opportunity or incentive for management override of controls and collusion and tested certain manual journal entries impacting revenue selected using professional judgement; ~ We compared management's assumptions and classification of accounting entries in relation to the Group's loyalty scheme against accounting guidance and observable historical data; and ~ We performed substantive analytical review procedures, which included comparing actual results against forecasted win rates and substantiating deviations from expectations.	Having completed these procedures nothing has come to our attention to indicate that revenue recognition is inappropriate. Our testing of controls did not identify material weaknesses in the design and operation of controls. We found that revenue has a strong correlation to cash which was in line with our expectations of a business of this nature. Our testing of manual journals to revenue did not indicate evidence of management override.
Revenue recognition – inaccuracy of the measurement, completeness and occurrence of revenue reported from casino and bingo digital channels – There is a high volume of revenue transactions from internet gaming. Rank are continuously innovating and developing new products and there are a number of balances driven by revenue, such as indirect taxes and liabilities that arise from affiliate and royalty agreements. These factors can increase the complexities around revenue recognition and completeness of related balances.	~ We updated our understanding of the revenue processes and controls and tested key management manual and IT controls for recognition and measurement of revenue; ~ We verified the recognition and measurement of revenue by tracing a sample of transactions throughout the year to source data to verify the accuracy of reported revenue; ~ We assessed the opportunity or incentive for management override of controls and collusion and tested certain manual journal entries impacting revenue selected using professional judgement; ~ We compared management's assumptions and classification of accounting entries in relation to the Group's loyalty scheme against accounting guidance and observable historical data; and ~ We performed analytical review procedures, which included comparing actual results against forecasted win rates and substantiating deviations from expectations.	Having completed these procedures nothing has come to our attention to indicate that revenue recognition is inappropriate. Our testing of controls did not identify material weaknesses in the design and operation of controls. From testing performed we found that revenue was accurate and measured in line with that reported from source data. Our testing of manual journals to revenue did not indicate evidence of management override.
Identification and assessment of the valuation of intangible and tangible assets, goodwill and investments – The Group tests annually whether assets that have an indefinite useful life, including goodwill and gaming licences, have suffered any impairment. The Group also reviews assets that are subject to amortisation or depreciation for events or changes in circumstances that indicate the carrying amount of the asset may not be recoverable. The application of the policy requires the use of accounting estimates and judgements in determining the recoverable amount of cash-generating units to which the intangible assets and property, plant and equipment are associated. This is a key focus of our audit procedures due to the level of management judgement required in the assumptions impacting the impairment assessment and the sensitivity of the model. The main assumptions impacting the assessment and sensitivity of the model are future cash flows, growth rates applied to cash flows and discount rates. These assumptions are subjective and subject to management judgement.	~ We updated our understanding of management's annual impairment testing process; ~ We ensured that the methodology of the impairment exercise continues to comply with the requirements of IFRS as adopted by the European Union, including evaluating management's assessment of indicators of impairment against indicators of impairment specified within IAS 36 as well as their assessment of what the Group considers a cash generating unit (CGU) to be compared to other existing industry practice; ~ We assessed the forecasts underlying the impairment review and agreed to budgets approved by the Board, reviewing these against actual performance and historic accuracy of forecasting. We also performed sensitivity analysis on key assumptions; ~ We agreed other key assumptions such as discount rates to supporting evidence and corroborated these to industry averages/trends with the assistance of EY internal experts; and ~ We compared the individual CGU projections to historic performance and made inquiries of the appropriate finance and commercial personnel where this deviated from historic performance levels, observable trends or our expectations.	For finite life assets, we believe management have undertaken an appropriate exercise to identify, at a CGU level, whether indicators of impairment or impairment reversal are present. Where indicators were present, management have performed additional procedures to quantify the recoverable amount of the asset. For indefinite life assets, we believe that the assessment of recoverable amount including, where relevant, the cash flow projections estimated by management are reasonable and the assumptions are supportable. Based on procedures performed we believe the valuation of intangible and tangible assets, goodwill and investments together with the adjustment for impairment to be appropriate.

Risk	Our response to these risks	Observations
Incorrect valuation and incomplete provisions made in relation to property leases – The Group provides for onerous lease provisions for both unoccupied properties and properties which are trading at a loss. We consider, as with impairment, due to the high level of management judgement required in the multiple assumptions impacting the assessment and the sensitivity of the model, that there is a higher likelihood that a material misstatement could arise. There is a risk that these provisions may no longer be required, misstated or that provisions that should have been recorded have not been.	~ We updated our understanding of management's processes and controls for identifying and calculating property lease provisions; ~ We ensured that the methodology of the onerous lease provision calculation continues to comply with the requirements of IFRS as adopted by the European Union; ~ We checked underlying calculations and agreed key inputs to supporting evidence including lease agreements and, for trading properties, corroborated management's assumptions to underlying audit work performed; and ~ We corroborated management's assumptions to third party evidence where possible and through discussions with the finance and property teams responsible for the management of the Group's property leases.	We believe adjustments made to and balances of property lease provisions are appropriate. The underlying assumptions applied by management are supportable and management has taken into account sub-let income where appropriate.
Inaccurate valuation and incomplete provisions made in relation to direct and indirect tax risk exposures and claims/reclaims in relation to continuing and discontinued businesses – Tax risk provisions exist in relation to discontinued business. Management also provide for certain exposures in relation to continuing business. Due to the judgemental nature of estimating the correct amount to provide for the above issues and the difficulty in assessing the completeness of the provisions we have identified the failure to provide appropriately for tax risk exposures in relation to continuing and discontinued businesses as a significant risk. Indirect tax is a complex area in the gaming industry and the Group has a number of matters in relation to ongoing claims and assessments with HMRC. In addition the Group is required to disclose certain contingent assets and contingent liabilities in respect of these ongoing issues in the annual accounts. Due to the highly judgemental nature of many of the ongoing claims and disclosure requirements, we have identified this as a significant risk for the audit.	~ We updated our understanding of management's processes and controls for identifying and calculating tax related provisions; ~ We understood the latest position in all material open direct and indirect tax matters including any conclusions reached during the year, with the assistance of EY internal experts, ensuring that management has provided for uncertain tax provisions where appropriate; ~ We read all material correspondence with HMRC and other tax authorities in the period for entities in scope for tax to form our view on the appropriate tax treatment of judgemental items; ~ We tested the calculations of current and deferred tax assets and liabilities to support the valuation, presentation and appropriateness of all direct tax balances at year end; and ~ We concluded on the appropriateness of the indirect tax balances, presentation and disclosures.	We believe that the adjustments made to and balance of tax provisions are appropriate. We believe that the disclosures included within the financial statements in respect of contingent assets and liabilities are appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined planning materiality for the Group to be £3.7m (PY: £3.2m), which is 5% (PY: 5%) of adjusted profit before tax of £74.1m for the year ended 30 June 2015 (PY: £62.5m). We have calculated materiality with reference to adjusted profit before tax as we consider this to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. This is on the basis that adjusted profit before tax excludes exceptional items such as impairment charges and reversals to give a full understanding of the Group's financial performance and aid comparability of the Group's result between periods.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement is that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 50% (PY: 50%) of planning

materiality, namely £1.85m (PY: £1.6m). Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our planning materiality of £3.7m (PY: £3.2m) for the financial statements as a whole. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

We agreed with the audit committee that we would report to the committee all audit differences in excess of £0.2m (PY: £0.1m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

An overview of the scope of our audit

We used a risk-based approach for determining our audit strategy, ensuring that our audit teams performed consistent procedures and focused on addressing the risks that are relevant to the business. This approach focused our audit effort towards higher risk areas, such as significant management judgements, and on locations that were considered material based upon size, complexity and risk.

Our assessment of audit risk, our evaluation of materiality and our allocation of that materiality determined our audit scope.

The factors that we considered when assessing the scope of the Group audit and the level of work to be performed at each location included the following: the financial significance and specific risks of the location, the effectiveness of the control environment and monitoring activities, including Group-wide controls and recent internal audit findings.

Our Group audit scope focused on the UK and Spain. The UK was subject to a full scope audit, whilst Spain was subject to specific audit testing and therefore represents a specific scope location based on our judgement of risk and materiality. These countries represent the principal business units within the Group's six reportable segments and accounted for 98% (PY: 98%) of revenue and 99% (PY: 91%) of the Group's adjusted profit before tax. The risks identified above that have a greater impact on our audit strategy are audited in the UK by the audit team that is overseen by the Senior Statutory Auditor.

The Senior Statutory Auditor oversaw all planning at the full scope location including discussion of the potential for material fraud and error, reviewed key working papers, participated in the planning and execution of the responses to the risks, and attended the audit closing meetings. The Senior Statutory Auditor was also involved in the risk assessment and determining which accounts were in scope for the specific scope location and attended the audit closing meeting by conference call, made specific enquiries of local management and reviewed the summary of results reported by the audit team in Spain.

For the remaining locations, we performed an analytical review to confirm there were no significant risks of material misstatement in the Group financial statements.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

~ the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

~ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

~ materially inconsistent with the information in the audited financial statements; or

~ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or

~ is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

~ adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

~ the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

~ certain disclosures of directors' remuneration specified by law are not made; or

~ we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

~ the directors' statement, set out on page 39, in relation to going concern; and

~ the part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

Nick Powell, Senior statutory auditor
For and on behalf of Ernst & Young LLP,
Statutory Auditor
London

19 August 2015

Group income statement for the year ended 30 June 2015

	Note	Year ended 30 June 2015 Before exceptional items £m	Year ended 30 June 2015 Exceptional items (note 4) £m	Year ended 30 June 2015 Total £m	Year ended 30 June 2014 Before exceptional items £m	Year ended 30 June 2014 Exceptional items (note 4) £m	Year ended 30 June 2014 Total £m
Continuing operations							
Revenue before adjustment for free bets, promotions and customer bonuses	2	738.3	–	738.3	707.7	–	707.7
Free bets, promotions and customer bonuses	2	(37.6)	–	(37.6)	(29.2)	–	(29.2)
Revenue	2	**700.7**	**–**	**700.7**	678.5	–	678.5
Cost of sales		**(376.6)**	**–**	**(376.6)**	(380.0)	–	(380.0)
Gross profit		**324.1**	**–**	**324.1**	298.5	–	298.5
Other operating costs		**(240.1)**	**2.1**	**(238.0)**	(226.1)	(46.5)	(272.6)
Group operating profit (loss)	2,3	**84.0**	**2.1**	**86.1**	72.4	(46.5)	25.9
Financing:							
– finance costs		**(10.4)**	**(1.3)**	**(11.7)**	(10.1)	(4.3)	(14.4)
– finance income		**0.4**	**–**	**0.4**	0.1	1.8	1.9
– other financial (losses) gains		**(0.3)**	**–**	**(0.3)**	1.0	–	1.0
Total net financing charge	6	**(10.3)**	**(1.3)**	**(11.6)**	(9.0)	(2.5)	(11.5)
Profit (loss) before taxation		**73.7**	**0.8**	**74.5**	63.4	(49.0)	14.4
Taxation	7	**(16.8)**	**1.3**	**(15.5)**	(10.6)	13.6	3.0
Profit (loss) for the year from continuing operations		**56.9**	**2.1**	**59.0**	52.8	(35.4)	17.4
Discontinued operations – profit	4	**–**	**15.8**	**15.8**	–	2.8	2.8
Profit (loss) for the year		**56.9**	**17.9**	**74.8**	52.8	(32.6)	20.2
Attributable to:							
Equity holders of the parent		**56.9**	**17.9**	**74.8**	52.8	(32.6)	20.2
Earnings (loss) per share attributable to equity shareholders							
– basic	10	**14.6p**	**4.5p**	**19.1p**	13.5p	(8.3)p	5.2p
– diluted	10	**14.6p**	**4.5p**	**19.1p**	13.5p	(8.3)p	5.2p
Earnings (loss) per share – continuing operations							
– basic	10	**14.6p**	**0.5p**	**15.1p**	13.5p	(9.0)p	4.5p
– diluted	10	**14.6p**	**0.5p**	**15.1p**	13.5p	(9.0)p	4.5p
Earnings per share – discontinued operations							
– basic	10	**–**	**4.0p**	**4.0p**	–	0.7p	0.7p
– diluted	10	**–**	**4.0p**	**4.0p**	–	0.7p	0.7p

Details of dividends paid and payable to equity shareholders are disclosed in note 9.

Group statement of comprehensive income for the year ended 30 June 2015

	Note	**Year ended 30 June 2015 £m**	Year ended 30 June 2014 £m
Comprehensive income:			
Profit for the year		**74.8**	20.2
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments net of tax		**(4.7)**	(2.4)
Items that will not be reclassified to profit or loss:			
Actuarial loss on retirement benefits net of tax	29	**(0.4)**	(0.3)
Total comprehensive income for the year		**69.7**	17.5
Attributable to:			
Equity holders of the parent		**69.7**	17.5

The tax effect of items of comprehensive income are disclosed in note 7.

Balance sheets at 30 June 2015

	Note	Group As at 30 June 2015 £m	Group As at 30 June 2014 £m	Company As at 30 June 2015 £m	Company As at 30 June 2014 £m
Assets					
Non-current assets					
Intangible assets	11	**395.7**	390.2	**–**	–
Property, plant and equipment	12	**203.4**	217.5	**–**	–
Investments in subsidiaries	14	**–**	–	**1,445.7**	1,185.1
Deferred tax assets	21	**2.2**	2.5	**0.1**	–
Other receivables	16	**5.3**	3.1	**–**	–
		606.6	613.3	**1,445.8**	1,185.1
Current assets					
Inventories	15	**2.8**	3.1	**–**	–
Other receivables	16	**29.3**	31.1	**45.7**	44.2
Income tax receivable	18	**1.7**	6.6	**–**	–
Cash and short-term deposits	26	**89.6**	47.1	**0.2**	0.2
		123.4	87.9	**45.9**	44.4
Assets held for sale	12	**0.6**	–	**–**	–
Total assets		**730.6**	701.2	**1,491.7**	1,229.5
Liabilities					
Current liabilities					
Trade and other payables	17	**(147.0)**	(113.2)	**(1.6)**	(1.4)
Income tax payable	18	**(28.0)**	(40.3)	**–**	–
Financial liabilities					
– financial guarantees	19	**–**	–	**(0.3)**	(2.7)
– loans and borrowings	19	**(125.5)**	(4.4)	**(871.5)**	(829.8)
Provisions	22	**(8.9)**	(10.5)	**–**	–
		(309.4)	(168.4)	**(873.4)**	(833.9)
Net current liabilities		**(186.0)**	(80.5)	**(827.5)**	(789.5)
Non-current liabilities					
Trade and other payables	17	**(37.6)**	(40.5)	**–**	–
Financial liabilities					
– loans and borrowings	19	**(17.6)**	(179.5)	**–**	–
Deferred tax liabilities	21	**(23.1)**	(18.1)	**–**	–
Provisions	22	**(44.7)**	(49.0)	**–**	–
Retirement benefit obligations	29	**(3.8)**	(3.4)	**–**	–
		(126.8)	(290.5)	**–**	–
Total liabilities		**(436.2)**	(458.9)	**(873.4)**	(833.9)
Net assets		**294.4**	242.3	**618.3**	395.6
Capital and reserves attributable to the Company's equity shareholders					
Share capital	23	**54.2**	54.2	**54.2**	54.2
Share premium		**98.4**	98.4	**98.4**	98.4
Capital redemption reserve		**33.4**	33.4	**33.4**	33.4
Exchange translation reserve		**9.0**	13.7	**–**	–
Unrealised profit reserve		**–**	–	**159.8**	–
Retained earnings		**99.4**	42.6	**272.5**	209.6
Total shareholders' equity		**294.4**	242.3	**618.3**	395.6

These financial statements were approved by the board on 19 August 2015 and signed on its behalf by:

Henry Birch, Chief Executive

Clive Jennings, Finance Director

Group	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings (losses) £m	Total £m
At 1 July 2013	54.2	98.4	33.4	16.1	39.8	241.9
Comprehensive income:						
Profit for the year	–	–	–	–	20.2	20.2
Other comprehensive income:						
Exchange adjustments net of tax	–	–	–	(2.4)	–	(2.4)
Actuarial loss on retirement benefits net of tax	–	–	–	–	(0.3)	(0.3)
Total comprehensive (expense) income for the year	–	–	–	(2.4)	19.9	17.5
Transactions with owners:						
Dividends paid to equity holders (see note 9)	–	–	–	–	(16.4)	(16.4)
Debit in respect of employee share schemes including tax	–	–	–	–	(0.7)	(0.7)
At 30 June 2014	54.2	98.4	33.4	13.7	42.6	242.3
Comprehensive income:						
Profit for the year	**–**	**–**	**–**	**–**	**74.8**	**74.8**
Other comprehensive income:						
Exchange adjustments net of tax	**–**	**–**	**–**	**(4.7)**	**–**	**(4.7)**
Actuarial loss on retirement benefits net of tax	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**(4.7)**	**74.4**	**69.7**
Transactions with owners:						
Dividends paid to equity holders (see note 9)	**–**	**–**	**–**	**–**	**(18.6)**	**(18.6)**
Credit in respect of employee share schemes including tax	**–**	**–**	**–**	**–**	**1.0**	**1.0**
At 30 June 2015	**54.2**	**98.4**	**33.4**	**9.0**	**99.4**	**294.4**

There were no non-controlling interests in either year.

Company	Share capital £m	Share premium £m	Capital redemption reserve £m	Unrealised profit reserve £m	Retained earnings (losses) £m	Total £m
At 1 July 2013	54.2	98.4	33.4	–	242.7	428.7
Loss and total comprehensive expense for the year	–	–	–	–	(16.0)	(16.0)
Transactions with owners:						
Dividends paid to equity holders (see note 9)	–	–	–	–	(16.4)	(16.4)
Debit in respect of employee share schemes including tax	–	–	–	–	(0.7)	(0.7)
At 30 June 2014	54.2	98.4	33.4	–	209.6	395.6
Profit and total comprehensive income for the year	**–**	**–**	**–**	**159.8**	**80.5**	**240.3**
Transactions with owners:						
Dividends paid to equity holders (see note 9)	**–**	**–**	**–**	**–**	**(18.6)**	**(18.6)**
Credit in respect of employee share schemes including tax	**–**	**–**	**–**	**–**	**1.0**	**1.0**
At 30 June 2015	**54.2**	**98.4**	**33.4**	**159.8**	**272.5**	**618.3**

The unrealised profit reserve relates to the Company's investment in subsidiary undertakings.

Statements of cash flow for the year ended 30 June 2015

		Group		Company	
	Note	**Year ended 30 June 2015 £m**	Year ended 30 June 2014 £m	**Year ended 30 June 2015 £m**	Year ended 30 June 2014 £m
Cash flows from operating activities					
Cash generated from (utilised in) operations	24	**146.6**	61.6	**–**	(0.2)
Interest received		**0.3**	0.1	**–**	–
Interest paid		**(7.8)**	(8.2)	**–**	–
Tax paid		**(2.2)**	(19.1)	**–**	–
Discontinued operations	5	**–**	(6.6)	**–**	–
Net cash from (used in) operating activities		**136.9**	27.8	**–**	(0.2)
Cash flows from investing activities					
(Disposal) acquisition of subsidiaries including deferred consideration (net of cash disposed or acquired)	25	**(0.1)**	1.1	**–**	–
Purchase of intangible assets		**(10.5)**	(13.5)	**–**	–
Purchase of property, plant and equipment		**(21.4)**	(30.8)	**–**	–
Proceeds from sale of property, plant and equipment		**1.5**	0.3	**–**	–
Purchase of convertible loan note	16	**(2.4)**	–	**–**	–
Net cash used in investing activities		**(32.9)**	(42.9)	**–**	–
Cash flows from financing activities					
Dividends paid to equity holders		**(18.6)**	(16.4)	**(18.6)**	(16.4)
(Repayment) drawdown on revolving credit facilities		**(20.0)**	20.0	**–**	–
Repayment of term loans		**(20.0)**	–	**–**	–
Repurchase of bonds		**(0.4)**	–	**–**	–
Finance lease principal payments		**(3.1)**	(3.2)	**–**	–
Amounts received from subsidiaries		**–**	–	**18.6**	16.6
Net cash (used in) from financing activities		**(62.1)**	0.4	**–**	0.2
Net increase (decrease) in cash, cash equivalents and bank overdrafts		**41.9**	(14.7)	**–**	–
Effect of exchange rate changes		**(0.7)**	(0.6)	**–**	–
Cash and cash equivalents at start of year		**46.3**	61.6	**0.2**	0.2
Cash and cash equivalents at end of year	26	**87.5**	46.3	**0.2**	0.2

1 General information and accounting policies

General information

The Rank Group Plc ('the Company') and its subsidiaries (together 'the Group') operate gaming services in Great Britain (including the Channel Islands), Spain and Belgium.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales under registration number 03140769. The address of its registered office is Statesman House, Stafferton Way, Maidenhead, SL6 1AY.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all periods presented.

1.1 Basis of preparation

The consolidated and Company financial statements have been prepared under the historical cost convention.

1.1.1 Statement of compliance

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRIC Interpretations as adopted by the European Union, and the Companies Act 2006 applicable to companies reporting under IFRS.

1.1.2 Going concern

In adopting the going concern basis for preparing the consolidated and Company financial statements, the directors have considered the issues impacting the Group during the period as detailed in the strategic report on pages 1 to 43 and have reviewed the Group's projected compliance with its banking covenants detailed in the finance review on page 39. The Group is in advanced stages of negotiating replacement bank facilities and based on the Group's cash flow forecasts and operating budgets, the directors believe that the Group will generate sufficient cash to meet its borrowing requirements for at least 12 months from the date of approval of the financial statements and comply with its banking covenants.

1.1.3 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The resulting accounting estimates will, by definition, seldom equal the actual results. The areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the consolidated financial statements, are set out below.

(a) Estimated impairment of goodwill, intangible assets and property, plant and equipment

The Group tests annually whether assets that have an indefinite useful life, including goodwill and gaming licences, have suffered any impairment. The Group also reviews assets that are subject to amortisation or depreciation for events or changes in circumstances that indicate the carrying amount of the asset may not be recoverable. The Group also tests annually whether such assets, other than goodwill, should be subject to a reversal of a prior impairment charge. Further details of the Group's accounting policy in relation to impairments and impairment reversals are disclosed in note 1.13.

The application of the policy requires the use of accounting estimates and judgements in determining the recoverable amount of cash-generating units to which the goodwill, intangible assets and property, plant and equipment are associated. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Estimates of fair value less costs of disposal are performed internally by experienced senior management supported by knowledge of similar transactions and advice from external estate agents or, if applicable, offers received. Value in use is calculated using estimated cash flow projections from financial budgets, discounted by selecting an appropriate rate for each cash-generating unit. Further details of the assumptions and estimates are disclosed in note 13.

The Company also tests annually the carrying value of its investments in subsidiaries. The application of this policy requires the use of estimates and judgements in determining the recoverable amount of the subsidiary undertakings. The recoverable amount is determined by applying an appropriate multiple to the earnings of the subsidiaries along with consideration of the underlying net assets.

(b) Classification of casino and other gaming licences as intangible assets with an indefinite life

As disclosed in note 1.12 certain casino and other gaming licences have been classified as intangible assets with an indefinite life. This assumption is based on management's belief that there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and that each licence holds a value outside the property in which it resides. As a consequence, each licence is reviewed annually for impairment.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions, including jurisdictions of now discontinued operations. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amount recognised, such differences will impact the financial statements in the period such determination is made. Further details of income tax are disclosed in note 18.

1 General information and accounting policies – continued

(d) Provisions
Provisions are recognised in accordance with the policy disclosed in note 1.10. In calculating property lease provisions, estimates are made of the discounted cash flows associated with the property and its associated operations including sub-let income together with estimates of any dilapidation obligations. Estimates have been made in determining the amount and timing of disposal provisions, including legacy industrial disease and personal injury claims. Estimates have also been made in determining the amount and likelihood of settlement of indirect tax provisions and restructuring provisions. Further details of provisions made are disclosed in note 22.

(e) Contingent assets and liabilities
Management is required to apply judgement in assessing the probability of the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. This judgement is supported by external advice and precedent case law where appropriate and is continually assessed to ensure that developments are appropriately reflected in the financial statements. Further details of contingent assets are disclosed in note 31 and of contingent liabilities in note 32.

1.1.4 Changes in accounting policy and disclosures
(a) Standards, amendments to and interpretations of existing standards adopted by the Group
The following new standards, amendments to and interpretations of existing standards are mandatory for the first time for the financial period beginning 1 July 2014:

~ IFRS10 Consolidated Financial Statements
~ IFRS11 Joint Arrangements
~ IFRS12 Disclosure of Interests in Other Entities
~ IAS27 Separate Financial Statements (Revised)
~ IAS28 Investments in Associates and Joint Ventures (Revised)
~ IAS32 Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities (Amendment)
~ IAS36 Recoverable Amount Disclosures for Non-Financial Assets (Amendment)
~ IAS39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)
~ IFRIC21 Levies

The Group has not been materially impacted by the adoption of any of these standards, amendments or interpretations.

The Group has not early adopted any other standard, amendment or interpretation that was issued but is not yet effective.

(b) Standards, amendments to and interpretations of existing standards that are not yet effective
The following standards, amendments to and interpretations of existing standards have been published and are mandatory for accounting periods starting after 1 July 2014:

~ IAS19 Defined Benefits Plans: Employee Contributions – Effective 1 February 2015
~ IFRS9 Financial Instruments – Effective 1 January 2018
~ IFRS15 Revenue from Contracts with Customers – Effective 1 January 2017
~ Annual Improvements to IFRSs – 2011-2013 cycle – Effective 1 January 2015

It is not anticipated that the adoption of the above standards, amendments and interpretations will have a material impact on the Group or Company financial statements in the period of initial application.

1.2 Consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically the Group controls an investee if, and only if, the Group has a) power over the investee, b) exposure, or rights, to variable returns from the investee, and c) ability to use its power to affect those returns. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies as applied to subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has no material associates or joint ventures.

1.3 Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses within exceptional items.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition date fair value of the consideration transferred over the fair value of the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Identifiable intangible assets are recognised separately from goodwill.

If the aggregate of the acquisition date fair value of the consideration transferred is lower than the fair value of the assets, liabilities and contingent liabilities in the business acquired, the difference is recognised in profit and loss.

1.4 Revenue recognition
Revenue consists of the fair value of sales of goods and services net of VAT, rebates and discounts.

(a) Gaming win
Revenue for casinos includes the gaming win before deduction of gaming-related duties. Revenue for bingo is net of prizes before deduction of gaming-related duties. Revenue for digital products, including interactive games, represents gaming win before deduction of gaming-related duties. The fair value of free bets, promotions and customer bonuses are also deducted from all revenue streams.

Although disclosed as revenue, gaming win (other than from poker and bingo) is accounted for and meets the definition of a gain under IAS 39 'Financial Instruments: Recognition and Measurement'.

(b) Food and beverage
Revenue from food and beverage sales is recognised at the point of sale.

1.5 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team (the composition of which is disclosed on page 48) that makes strategic and operational decisions.

1.6 Foreign currency translation
The consolidated financial statements are presented in UK Sterling, which is also the Company's functional currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(a) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in finance costs or income.

(b) Group companies
The results and financial position of all the Group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate on the balance sheet date. The closing euro rate against UK Sterling was 1.41 (30 June 2014: 1.25) and the closing US Dollar rate against UK Sterling was 1.57 (30 June 2014: 1.70);

(ii) income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions. The average euro rate against UK Sterling was 1.32 (year ended 30 June 2014: 1.20) and the average US Dollar rate against UK Sterling in the year was 1.57 (year ended 30 June 2014: 1.64); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is sold, such exchange differences are recognised in the income statement, net of hedging, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.7 Financial assets
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

A financial asset is derecognised when the rights to receive the cash flows from the asset have expired, been transferred or an obligation to pay the cash flows received to a third party without material delay has been assumed, and either:

~ Substantially all the risks and rewards of ownership have been transferred; or

~ Substantially all the risks and rewards have neither been retained nor transferred, but control has been transferred.

The Group's financial assets include loans and receivables and cash and cash equivalents.

1 General information and accounting policies – continued

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, when the asset is expected to be realised in the normal operating cycle, otherwise they are classified as non-current assets. Loans and receivables are classified as other receivables in the balance sheet.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(b) Cash and cash equivalents
Cash and short-term deposits in the balance sheet include cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

1.8 Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

The Group's financial liabilities include trade and other payables, loans and borrowings (including bank overdrafts), and financial guarantee contracts.

(a) Trade and other payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(b) Loans and borrowings
After initial recognition at fair value, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate method amortisation is included in finance costs in the income statement.

(c) Financial guarantee contracts (Company only)
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are initially measured at fair value by applying the estimated probability of default to the cash outflow should default occur and subsequently amortising over the expected length of the guarantee, to the extent that the guarantee is not expected to be called.

1.9 Leases
Leases are tested at inception to determine whether the lease is a finance or operating lease and treated accordingly. Property leases comprising a lease of land and a lease of buildings within a single contract are split into their two component parts before testing.

(a) Finance leases
Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment or the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in loans and borrowings. Finance charges are recognised in the income statement. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

(b) Operating leases
Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Operating lease payments (including any lease incentives or premiums) are recognised as an expense in the income statement on a straight line basis over the lease term.

1.10 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the best estimate of the expenditures required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.11 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on assets using the straight line method to allocate their cost less residual values over their estimated useful lives, as follows:

~ freehold and leasehold property	50 years or lease term if less
~ refurbishment of property	5 to 20 years
~ fixtures, fittings, plant and machinery	3 to 20 years

Land is not depreciated.

Residual values and useful lives are reviewed at each balance sheet date, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Pre-opening costs are expensed to the income statement as incurred.

1.12 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at amortised cost as at 1 January 2004 plus cost for any acquisition completed after 1 January 2004 less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold, except where goodwill has been previously written off directly to reserves under previous GAAP.

Goodwill is allocated to the relevant cash-generating unit or group of cash-generating units for the purpose of impairment testing. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(b) Casino and other gaming licences and concessions

The Group capitalises acquired casino and other gaming licences and concessions. Management believes that licences, with the exception of the two casino concessions in Belgium, have indefinite lives as there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it resides. Each licence is reviewed annually for impairment.

In respect of the two casino concessions in Belgium, their carrying value is amortised over the expected useful life of the concessions.

Any costs in renewing licences or concessions are expensed as incurred.

(c) Property contracts

Property contracts arise on a fair value adjustment in respect of favourable property contracts on acquisitions. Such contracts are amortised over the lease term of the associated property.

(d) Other

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production and development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets for both externally purchased and internally developed software. Direct costs include specific employee costs for software development.

Computer software development costs recognised as assets are amortised over their estimated useful lives (three to five years).

1.13 Impairment of intangible assets and property, plant and equipment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the groups of assets.

1 General information and accounting policies – continued

If an impairment loss is recognised, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense in the income statement immediately.

Any impairment is allocated equally across all assets in a cash-generating unit unless there is an indication that a class of assets should be impaired in the first instance or a fair market value exists for one or more assets. Once an asset has been written down to its fair value less costs of disposal then any remaining impairment is allocated equally amongst all other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the income statement immediately.

1.14 Employee benefit costs

(a) Pension obligations

The Group operates a defined contribution plan under which the Group pays fixed contributions to a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

The Group also has an unfunded pension commitment relating to three former executives of the Group. The amount recognised in the balance sheet in respect of the commitment is the present value of the obligation at the balance sheet date, together with adjustment for actuarial gains or losses. The Group recognises actuarial gains and losses immediately in the statement of comprehensive income. The net cost arising on the commitment is recognised in net finance costs.

(b) Share-based compensation

The cost of equity-settled transactions with employees for awards is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 28.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally, regardless of whether the entity or the employee cancel the award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The cost of cash-settled transactions is measured at fair value with the recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date.

(c) Share-based compensation – Company

The Company operates share-based payment schemes for employees of the Company and its subsidiaries. The fair value of shares awarded to employees of the Company is recognised as an employee expense with a corresponding increase in equity. The Company also makes awards of its own shares to employees of its subsidiaries and as such recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiaries' financial statements with the corresponding credit being recognised directly in equity.

(d) Bonus plans

The Group recognises a liability in respect of the best estimate of bonuses payable where contractually obliged to do so or where a past practice has created a constructive obligation.

1.15 Inventories
Inventories are valued at the lower of cost and net realisable value. Cost of inventory is determined on a 'first-in first-out' basis.

The cost of finished goods comprises goods purchased for resale.

Net realisable value is the estimated selling price in the ordinary course of business. When necessary, provision is made for obsolete and slow-moving inventories.

1.16 Taxation
(a) Current tax
Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be paid or to be recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Current tax relating to items recognised directly in equity is recognised in equity and not the income statement.

Management evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation at each reporting date and establishes provisions where appropriate.

(b) Deferred tax
Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.17 Share capital
Ordinary shares are classified as equity.

1.18 Discontinued operations and held for sale assets
Operations of the Group are recognised as discontinued operations if the operations have been disposed of or meet the criteria to be classified as held for sale and represent a separate major line of business or geographic area of operations. Operations held for sale are held at the lower of their carrying amount on the dates they are classified as held for sale and fair value less costs of disposal.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.19 Dividends
Dividends proposed by the board of directors and unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders at the annual general meeting. Interim dividends are recognised when paid.

1.20 Exceptional items
The Group separately discloses those items which are required to give a full understanding of the Group's financial performance and aid comparability of the Group's result between periods. Exceptional items are typically those items which, by their size or nature in relation to the Group, or individual segments, are separately disclosed.

2 Segmental reporting

a) Segment information – operating segments

	Year ended 30 June 2015							
	Grosvenor Casinos		Mecca		Enracha			
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	Central costs £m	Total £m
Continuing operations								
Group revenue reported in internal information	401.1	22.3	224.4	65.2	25.3	–	–	738.3
Free bets, promotions and customer bonuses	(6.7)	(5.1)	(13.7)	(12.1)	–	–	–	(37.6)
Segment revenue	394.4	17.2	210.7	53.1	25.3	–	–	700.7
Operating profit (loss) before exceptional items	63.4	3.1	28.9	14.1	3.1	(0.5)	(28.1)	84.0
Exceptional profit	–	–	1.0	–	1.1	–	–	2.1
Segment result	63.4	3.1	29.9	14.1	4.2	(0.5)	(28.1)	86.1
Finance costs								(11.7)
Finance income								0.4
Other financial losses								(0.3)
Profit before taxation								74.5
Taxation								(15.5)
Profit for the year from continuing operations								59.0
Other segment items – continuing operations								
Capital expenditure	(15.0)	(0.9)	(7.6)	(1.9)	(0.9)	–	(5.6)	(31.9)
Depreciation and amortisation	23.7	1.5	12.7	1.5	1.5	–	1.4	42.3
Impairment charges	0.7	–	1.0	–	–	–	–	1.7
Impairment reversals	(1.1)	–	(0.4)	–	(1.6)	–	–	(3.1)
Net release from provision for property leases	0.5	–	(0.6)	–	–	–	–	(0.1)

	Year ended 30 June 2014							
	Grosvenor Casinos		Mecca		Enracha			
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	Central costs £m	Total £m
Continuing operations								
Group revenue reported in internal information	377.7	13.5	229.3	58.9	28.3	–	–	707.7
Free bets, promotions and customer bonuses	(3.7)	(3.1)	(12.5)	(9.9)	–	–	–	(29.2)
Segment revenue	374.0	10.4	216.8	49.0	28.3	–	–	678.5
Operating profit (loss) before exceptional items	57.7	(0.9)	21.1	15.9	1.2	(0.4)	(22.2)	72.4
Exceptional loss	(12.5)	–	(25.3)	–	(8.7)	–	–	(46.5)
Segment result	45.2	(0.9)	(4.2)	15.9	(7.5)	(0.4)	(22.2)	25.9
Finance costs								(14.4)
Finance income								1.9
Other financial gains								1.0
Profit before taxation								14.4
Taxation								3.0
Profit for the year from continuing operations								17.4
Other segment items – continuing operations								
Capital expenditure	(34.1)	(1.4)	(6.3)	(1.9)	(1.3)	–	(1.6)	(46.6)
Depreciation and amortisation	22.1	2.0	13.8	2.4	2.1	–	1.2	43.6
Impairment charges	5.3	–	1.1	–	7.5	–	–	13.9
Impairment reversals	(0.8)	–	(0.7)	–	–	–	–	(1.5)
Net release from provision for property leases	3.6	–	2.1	–	0.9	–	–	6.6
Net charge to provision for indirect taxation	3.7	–	22.4	–	–	–	–	26.1

The Group reports segmental information on a brand-led basis, which is consistent with the means by which the chief operating decision maker utilises internal reporting within the business. This brand-led structure better enables management to reflect the needs of our customers throughout the various activities of the business. These activities are both venues-based and digital-based casino operations in Grosvenor Casinos, plus venues-based and digital-based bingo operations both in Mecca and our Spanish bingo brand Enracha. Further information about each brand is disclosed on pages 25 (Grosvenor Casinos), 29 (Mecca) and 31 (Enracha).

Assets and liabilities have not been segmented as this information is not provided to the chief operating decision maker on a regular basis.

Capital expenditure comprises expenditure on property, plant and equipment and other intangible assets, including those acquired under finance leases.

2 Segmental reporting – continued

b) Geographical information

The Group operates in two main geographical areas (UK and Continental Europe).

i) Revenue from external customers by geographical area based on location of customer

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
UK	662.2	636.1
Continental Europe	38.5	42.4
Total revenue	700.7	678.5

ii) Non-current assets by geographical area based on location of assets

	As at 30 June 2015 £m	As at 30 June 2014 £m
UK	572.2	577.8
Continental Europe	26.9	30.3
Segment non-current assets	599.1	608.1
Unallocated assets:		
Deferred tax assets	2.2	2.5
Financial assets	5.3	2.7
Total non-current assets	606.6	613.3

With the exception of the UK, no individual country contributed more than 10% of consolidated sales or assets.

c) Total revenue and profit from continuing and discontinued operations

		Revenue		Profit	
	Note	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
From continuing operations		700.7	678.5	59.0	17.4
From discontinued operations	4	–	–	15.8	2.8
		700.7	678.5	74.8	20.2

d) Total cost analysis by segment

To increase transparency, the Group has decided to include additional disclosure analysing total costs by type and segment. A reconciliation of total costs, before exceptional items, by type and segment is as follows:

	Year ended 30 June 2015							
	Grosvenor Casinos		Mecca		Enracha			
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	Central costs £m	Total £m
Employment and related costs	138.9	3.2	54.8	6.7	12.3	0.2	17.0	233.1
Taxes and duties	84.6	1.8	35.3	5.0	1.7	–	1.9	130.3
Direct costs	16.9	4.8	22.6	14.4	2.1	0.2	–	61.0
Property costs	30.0	0.2	27.0	0.3	1.6	–	1.0	60.1
Marketing	14.6	2.2	10.5	9.7	0.9	–	–	37.9
Depreciation and amortisation	23.7	1.5	12.7	1.5	1.5	–	1.4	42.3
Other	22.3	0.4	18.9	1.4	2.1	0.1	6.8	52.0
Total costs on continuing operations before exceptional items	331.0	14.1	181.8	39.0	22.2	0.5	28.1	616.7
Cost of sales								376.6
Operating costs								240.1
Total costs on continuing operations before exceptional items								616.7

	Year ended 30 June 2014							
	Grosvenor Casinos		Mecca		Enracha		Central costs	
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	£m	Total £m
Employment and related costs	137.7	2.0	55.2	6.5	13.4	0.2	15.2	230.2
Taxes and duties	78.1	–	48.1	0.4	2.1	–	2.0	130.7
Direct costs	15.6	3.9	21.0	14.5	2.5	0.1	–	57.6
Property costs	29.9	0.2	27.6	0.7	2.5	–	0.9	61.8
Marketing	13.2	2.6	10.4	7.0	0.9	–	–	34.1
Depreciation and amortisation	22.1	2.0	13.8	2.4	2.1	–	1.2	43.6
Other	19.7	0.6	19.6	1.6	3.6	0.1	2.9	48.1
Total costs on continuing operations before exceptional items	316.3	11.3	195.7	33.1	27.1	0.4	22.2	606.1
Cost of sales								380.0
Operating costs								226.1
Total costs on continuing operations before exceptional items								606.1

3 Profit for the year – analysis by nature

The following items have been charged (credited) in arriving at the profit for the year before financing and taxation from continuing operations:

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Employee benefit expense	**214.7**	211.2
Cost of inventories recognised as expense	**39.1**	33.1
Amortisation of intangibles (including £1.2m (year ended 30 June 2014: £0.9m) within cost of sales)	**5.9**	6.4
Depreciation of property, plant and equipment		
– owned assets (including £31.8m (year ended 30 June 2014: £32.4m) within cost of sales)	**33.4**	34.1
– under finance leases (included within cost of sales)	**3.0**	3.1
Operating lease rentals payable		
– minimum lease payments	**48.5**	50.3
– sub-lease income	**(5.0)**	(5.2)
Loss on sale of property, plant and equipment	**0.3**	0.3
Loss on disposal of intangible assets	**0.5**	–
Impairment of property, plant and equipment	**0.5**	–
Exceptional operating (income) costs (see note 4)	**(2.1)**	46.5
Auditors' remuneration for audit services	**0.4**	0.4

In the year, the Group's auditors, Ernst & Young LLP, including its network firms, earned the following fees:

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Audit services		
– Fees payable to the Company's auditor for the parent company and consolidated financial statements	**0.2**	0.2
Other services		
Fees payable to the Company's auditor and its associates for other services:		
– the audit of the Company's subsidiaries pursuant to legislation	**0.2**	0.2
– tax services	**0.1**	0.2
– transaction support services	**–**	0.1
	0.5	0.7

£25,000 (year ended 30 June 2014: £25,000) of the audit fees related to the parent company.

It is the Group's policy to balance the need to maintain auditor independence with the benefit of taking advice from the leading firm in the area concerned and the desirability of being efficient.

4 Exceptional items

	Note	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Exceptional items relating to continuing operations			
Impairment charges	11,12,13	**(1.2)**	(12.9)
Impairment reversals	11,12,13	**3.1**	1.5
Net charge to provisions for property leases		**(1.5)**	(6.6)
Closure of venues		**1.7**	(0.7)
Acquisition and integration costs		**–**	(1.7)
Net charge to provision for indirect taxation		**–**	(26.1)
Exceptional operating income (costs)		**2.1**	(46.5)
Finance costs	6	**(1.3)**	(4.3)
Finance income	6	**–**	1.8
Taxation	7	**1.3**	13.6
Exceptional items relating to continuing operations		**2.1**	(35.4)
Exceptional items relating to discontinued operations			
Finance costs	6	**(0.4)**	(0.3)
Finance income	6	**–**	0.3
Taxation	7	**16.2**	2.8
Exceptional items relating to discontinued operations		**15.8**	2.8
Total exceptional items		**17.9**	(32.6)

Year ended 30 June 2015 exceptional items

Continuing operations

Impairment charges

The Group recognised impairment charges of £1.2m of which £0.6m relates to a Grosvenor Casinos venue and £0.6m to two Mecca venues. Performance at these venues has not been in line with expectations.

Impairment reversals

The Group reversed previous impairment charges of £0.7m in the UK, £0.3m of which related to a Grosvenor Casinos venue and £0.4m of which related to a Mecca venue. The reversal was in respect of venues where changes in the commercial environment had led to improvements in performance.

A further reversal of £0.8m was made in respect of a casino in Belgium which has shown continued improved performance above expectations.

A further reversal of £1.6m was recognised in respect of an Enracha venue which has shown continued improved performance following a competitor closure.

Net charge to provisions for property leases

The Group recognised a net charge of £1.5m in relation to provision for property leases in the year. This included a charge of £1.1m in two Grosvenor Casinos venues and £1.0m in respect of a Mecca venue for unavoidable dilapidations costs and where expected income no longer exceeds the unavoidable costs associated with these sites.

In addition a reversal of £0.6m has been made in respect of a Grosvenor Casinos venue where the provision has been reduced due to expected sublet income.

Further movements in the property lease provision are explained under closure of venues below.

Closure of venues

During the year the Group has closed, or committed to close, twelve venues. Nine of these venues are in Mecca, two are in Grosvenor Casinos and one is in Enracha. The credit in the period includes a reduction in the property lease provision required at two of these venues of £2.3m, an increase in the restructuring provision of £0.5m at three venues which are due to close in early 2015/16, an increase in the property lease provision for dilapidations of £0.7m at a single venue, and a profit on disposal of a freehold property of £0.6m.

Year ended 30 June 2014 exceptional items
Continuing operations

Impairment charges
The Group recognised an impairment charge of £5.4m in the UK of which £4.3m related to Grosvenor Casinos venues and £1.1m to Mecca venues. The only individually significant charges were £4.1m in respect of a single club in Grosvenor Casinos venues and £0.7m in respect of a single club in Mecca venues. Performance at these clubs had not been in line with expectations.

A further impairment charge of £7.5m was recognised in respect of three clubs in the Enracha venues business which had not performed in line with expectations. This had followed a prolonged period of difficult economic conditions in Spain.

A further impairment charge of £1.0m was included within integration costs relating to essential post-acquisition capital expenditure, including signage, at a small number of casinos that were fully impaired as part of the acquisition accounting.

Impairment reversals
The Group reversed previous impairment charges of £0.7m in the UK, all of which related to Mecca venues. The reversal was in respect of two clubs where changes in the competitive and commercial environment led to improvements in performance.

A further reversal of £0.8m was made in respect of a casino in Belgium which had shown continuing improved performance above expectations.

Net charge to provisions for property leases
The Group recognised a net charge of £6.6m in relation to provisions for property leases. This included a charge of £6.8m in two Grosvenor Casinos venues and three Mecca venues for unavoidable dilapidation costs and where expected income no longer exceeded the unavoidable costs associated with these sites. A further charge of £1.6m was made in respect of property lease costs directly attributable to the closure of venues outlined below.

A release to the income statement of £1.8m was recognised in respect of two Mecca venues where anticipated performance, following the reduction in bingo duty, meant that expected income would exceed the unavoidable costs associated with these sites.

Acquisition and integration costs
In the year ended 30 June 2013 the Group acquired 19 casinos and three non-operating licences from Gala Coral Group Limited. The Group expensed the resulting costs of integration of £1.7m.

Closure of venues
The Group recognised an exceptional cost of £0.7m relating to the closure of one Mecca venue and one Enracha venue during the year and the provision for the further cost associated with the closure of two further Mecca venues and exit of one Enracha venue in early 2014/15. Included within the charge to provisions for property leases was a further charge of £1.6m connected with remaining property lease obligations at these venues.

Net charge to provision for indirect taxation
In the year ended 30 June 2013 the Group disclosed a contingent liability in respect of a claim for repayment of output VAT on amusement machines. In May 2010, the Group received £30.7m (VAT of £26.4m plus interest of £4.3m) in respect of the claim, which has been the subject of on-going litigation. During the year ended 30 June 2014, the Court of Appeal found in favour of HMRC and consequently an amount of £26.4m was provided to cover the expected outflow, together with associated interest of £4.3m. In May 2014 a payment was made to HMRC in respect of these claims, with the remaining balance being the directors' best estimate of the outflow likely to arise.

The Group also released £0.3m following the settlement of indirect tax balances.

5 Discontinued operations

Discontinued operations, other than those disclosed within exceptional items (see note 4), relate to the historic disposal of the loss making Blue Square Bet business. Blue Square Bet had no impact on the income statement in the current or prior reporting periods. In the prior period the Group continued to discharge legacy liabilities relating to the business.

Cash flows relating to discontinued operations are as follows:

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Operating loss	–	–
Depreciation and amortisation	–	–
Interest paid	–	(0.2)
Cash payments in respect of exceptional items	–	(6.4)
Cash flows from operating activities	–	(6.6)
Cash flows from investing activities	–	–
Cash flows from financing activities	–	–
	–	(6.6)

6 Financing

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Continuing operations:		
Finance costs:		
Interest on debt and borrowings[1]	**(5.7)**	(6.4)
Amortisation of issue costs on borrowings	**(2.5)**	(1.5)
Interest payable on finance leases	**(0.9)**	(1.0)
Unwinding of discount in property lease provisions	**(1.2)**	(1.1)
Unwinding of discount in disposal provisions	**(0.1)**	(0.1)
Total finance costs	**(10.4)**	(10.1)
Finance income:		
Interest income on short term bank deposits[1]	**0.2**	0.1
Interest income on direct taxation	**0.2**	–
Total finance income	**0.4**	0.1
Other financial (losses) gains	**(0.3)**	1.0
Total net financing charge for continuing operations before exceptional items	**(10.3)**	(9.0)
Exceptional finance costs	**(1.3)**	(4.3)
Exceptional finance income	**–**	1.8
Total net financing charge for continuing operations	**(11.6)**	(11.5)
Discontinued operations:		
Exceptional finance costs	**(0.4)**	(0.3)
Exceptional finance income	**–**	0.3
Total net financing charge for discontinued operations	**(0.4)**	–
Total net financing charge	**(12.0)**	(11.5)

1 Calculated using the effective interest method.

Exceptional finance costs recognised in continuing operations in the year of £1.3m (year ended 30 June 2014: £4.3m) are in respect of tax balances provided for.

The £1.8m exceptional finance income recognised in the prior year was in respect of the release of interest over-accrued on direct and indirect taxation balances provided for.

Exceptional finance costs recognised in discontinued operations in the year of £0.4m relate to the cost of a letter of credit held in respect of taxation balances on disposed entities (see note 31). Exceptional discontinued finance costs recognised in the prior year of £0.3m related to a decrease in interest receivable in respect of direct tax receivables that were attributable to disposed entities.

The exceptional finance income recognised in discontinued operations in the prior period of £0.3m related to a reduction in interest accrued on indirect tax provisions now settled.

A reconciliation of total net financing charge for continuing operations before exceptional items to adjusted net interest included in adjusted profit is disclosed below:

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Total net financing charge for continuing operations before exceptional items	**(10.3)**	(9.0)
Adjust for:		
Unwinding of discount in disposal provisions	**0.1**	0.1
Other financial losses (gains) – including foreign exchange	**0.3**	(1.0)
Adjusted net interest payable	**(9.9)**	(9.9)

7 Taxation

	Year ended 30 June 2015			Year ended 30 June 2014		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
Current income tax						
Current income tax – UK	(10.0)	–	(10.0)	(12.4)	–	(12.4)
Current income tax – overseas	(2.7)	–	(2.7)	(0.4)	–	(0.4)
Current income tax on exceptional items	1.1	0.1	1.2	7.8	–	7.8
Amounts over provided in previous period	0.7	–	0.7	5.0	2.8	7.8
Amounts over provided in previous period on exceptional items	0.4	16.1	16.5	2.3	–	2.3
Total current income tax (charge) credit	(10.5)	16.2	5.7	2.3	2.8	5.1
Deferred tax						
Deferred tax – UK	(3.7)	–	(3.7)	(1.3)	–	(1.3)
Deferred tax – overseas	(0.1)	–	(0.1)	(0.3)	–	(0.3)
Restatement of deferred tax due to rate change	0.2	–	0.2	2.6	–	2.6
Deferred tax on exceptional items	(0.2)	–	(0.2)	3.5	–	3.5
Amounts under provided in previous period	(1.2)	–	(1.2)	(3.8)	–	(3.8)
Total deferred tax (charge) credit (note 21)	(5.0)	–	(5.0)	0.7	–	0.7
Tax (charge) credit in the income statement	(15.5)	16.2	0.7	3.0	2.8	5.8

The tax on the Group's profit before taxation on continuing operations differs from the standard rate of UK corporation tax in the period of 20.75% (year ended 30 June 2014: 22.5%). The differences are explained below:

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Profit before taxation on continuing operations	74.5	14.4
Tax charge calculated at 20.75% on profit before taxation on continuing operations (year ended 30 June 2014: 22.5%)	(15.5)	(3.2)
Effects of:		
Expenses not deductible for tax purposes	(0.1)	(0.1)
Difference in overseas tax rates	(0.1)	0.6
Restatement of deferred tax due to rate change	0.2	2.6
Adjustments relating to prior periods	(0.1)	3.5
Deferred tax not recognised	0.1	(0.4)
Tax (charge) credit in the income statement on continuing operations	(15.5)	3.0

Tax on exceptional items – continuing operations

The taxation impacts of continuing exceptional items are disclosed below:

	Year ended 30 June 2015			Year ended 30 June 2014		
	Current income tax £m	**Deferred tax £m**	**Total £m**	Current income tax £m	Deferred tax £m	Total £m
Impairment charges	–	0.1	0.1	–	3.1	3.1
Impairment reversals	–	(0.6)	(0.6)	–	–	–
Net charge to provisions for property leases	0.3	–	0.3	0.9	0.4	1.3
Acquisition and integration costs	–	–	–	0.1	–	0.1
Closure of venues	0.5	0.3	0.8	0.1	–	0.1
Net charge to provision for indirect taxation	–	–	–	5.9	–	5.9
Exceptional finance costs	0.3	–	0.3	1.0	–	1.0
Exceptional finance income	–	–	–	(0.2)	–	(0.2)
Amounts over provided in respect of previous years	0.4	–	0.4	2.3	–	2.3
Tax credit (charge) on exceptional items – continuing operations	1.5	(0.2)	1.3	10.1	3.5	13.6

7 Taxation – continued

Tax on exceptional items – discontinued operations

The taxation impacts of discontinued exceptional items are disclosed below:

	Year ended 30 June 2015			Year ended 30 June 2014		
	Current income tax £m	**Deferred tax £m**	**Total £m**	Current income tax £m	Deferred tax £m	Total £m
Tax refunds arising on previously disposed subsidiary undertakings	**–**	**–**	**–**	–	2.8	2.8
Net release of provisions relating to overseas tax audits	**16.1**	**–**	**16.1**	–	–	–
Exceptional finance costs	**0.1**	**–**	**0.1**	–	–	–
Tax credit on exceptional items – discontinued operations	**16.2**	**–**	**16.2**	–	2.8	2.8

The £16.1m exceptional tax credit in discontinued operations in respect of provisions relating to overseas tax audits consists of the release from income tax payable of £16.9m following the successful resolution of a transfer pricing dispute, offset by income tax payable of £0.8m in relation to an overseas audit of a disposed entity.

Tax effect of items within other comprehensive income

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Current income tax charge on exchange movements offset in reserves	**(0.4)**	(0.2)
Deferred tax credit on actuarial movement on retirement benefits	**0.1**	0.1
Total tax charge on items within other comprehensive income	**(0.3)**	(0.1)

The credit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax credit of £nil (year ended 30 June 2014: charge of £0.3m on the debit in respect of employee share schemes).

Factors affecting future taxation

UK corporation tax is calculated at 20.75% (year ended 30 June 2014: 22.5%) of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

On 20 March 2013, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 21% with effect from 1 April 2014 and a further 1% reduction to 20% from 1 April 2015. These changes were substantively enacted in July 2013.

On 20 June 2014, the Spanish Government announced the reduction in the corporation tax rate in Spain from 30% to 28% for financial years beginning in 2015 and to 25% for financial years beginning in 2016. These changes were substantively enacted in November 2014.

8 Results attributable to the parent company

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement. The profit for the year ended 30 June 2015 for the Company was £240.3m (year ended 30 June 2014: loss of £16.0m). The profit includes an impairment reversal of £259.9m (year ended 30 June 2014: £nil) in respect of its investment in subsidiary undertakings. Further details are provided in note 14.

9 Dividends paid to equity holders

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Dividends paid to equity holders		
Final dividend for 2012/13 paid on 23 October 2013 – 2.85p per share	**–**	11.1
Interim dividend for 2013/14 paid on 21 March 2014 – 1.35p per share	**–**	5.3
Final dividend for 2013/14 paid on 22 October 2014 – 3.15p per share	**12.3**	–
Interim dividend for 2014/15 paid on 20 March 2015 – 1.60p per share	**6.3**	–
	18.6	16.4

A final dividend in respect of the year ended 30 June 2015 of 4.00p per share, amounting to a total dividend of £15.6m, is to be recommended at the annual general meeting on 15 October 2015. These financial statements do not reflect this dividend payable.

10 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

	Year ended 30 June 2015			Year ended 30 June 2014		
	Before exceptional items	**Exceptional items**	**Total**	Before exceptional items	Exceptional items	Total
Profit attributable to equity shareholders						
Continuing operations	**£56.9m**	**£2.1m**	**£59.0m**	£52.8m	£(35.4)m	£17.4m
Discontinued operations	**–**	**£15.8m**	**£15.8m**	–	£2.8m	£2.8m
Total	**£56.9m**	**£17.9m**	**£74.8m**	£52.8m	£(32.6)m	£20.2m
Weighted average number of ordinary shares in issue	**390.7m**	**390.7m**	**390.7m**	390.7m	390.7m	390.7m
Basic earnings per share						
Continuing operations	**14.6p**	**0.5p**	**15.1p**	13.5p	(9.0)p	4.5p
Discontinued operations	**–**	**4.0p**	**4.0p**	–	0.7p	0.7p
Total	**14.6p**	**4.5p**	**19.1p**	13.5p	(8.3)p	5.2p

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The only category of dilutive potential ordinary shares is share options. For share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming exercise of the share options.

There is no difference in the profit used to determine diluted earnings per share from that used to determine basic earnings per share. There is no dilutive impact of share options on the weighted average number of ordinary shares in issue or on earnings per share.

(c) Adjusted earnings per share

Adjusted earnings is calculated by adjusting profit attributable to equity shareholders to exclude discontinued operations, exceptional items, other financial gains or losses, unwinding of the discount in disposal provisions and the related tax effects. Adjusted earnings is one of the business performance measures used internally by management to manage the operations of the business. Management believes that the adjusted earnings measure assists in providing a view of the underlying performance of the business.

Adjusted net earnings attributable to equity shareholders is derived as follows:

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Profit attributable to equity shareholders	**74.8**	20.2
Adjust for:		
Discontinued operations (net of taxation)	**(15.8)**	(2.8)
Exceptional items after tax on continuing operations	**(2.1)**	35.4
Other financial losses (gains)	**0.3**	(1.0)
Unwinding of discount in disposal provisions	**0.1**	0.1
Taxation on adjusted items and impact of reduction in tax rate	**(0.2)**	(3.3)
Adjusted net earnings attributable to equity shareholders (£m)	**57.1**	48.6
Adjusted earnings per share (p) – basic	**14.6p**	12.4p
Adjusted earnings per share (p) – diluted	**14.6p**	12.4p

11 Intangible assets

Group	Goodwill £m	Casino and other gaming licences and concessions £m	Property contracts £m	Other £m	Total £m
Cost					
At 1 July 2013	134.3	273.3	3.7	33.1	444.4
Exchange adjustments	–	(2.8)	–	–	(2.8)
Disposals	–	–	–	(0.1)	(0.1)
Additions	–	5.8	–	7.7	13.5
At 30 June 2014	134.3	276.3	3.7	40.7	455.0
Exchange adjustments	**–**	**(4.8)**	**–**	**–**	**(4.8)**
Disposals	**–**	**(3.0)**	**–**	**(5.3)**	**(8.3)**
Additions	**–**	**0.6**	**–**	**9.9**	**10.5**
At 30 June 2015	**134.3**	**269.1**	**3.7**	**45.3**	**452.4**
Aggregate amortisation and impairment					
At 1 July 2013	–	32.4	0.1	22.7	55.2
Exchange adjustments	–	(2.1)	–	–	(2.1)
Charge for the year	–	0.8	0.3	5.3	6.4
Impairment charges	–	6.1	–	–	6.1
Impairment reversals	–	(0.8)	–	–	(0.8)
At 30 June 2014	–	36.4	0.4	28.0	64.8
Exchange adjustments	**–**	**(3.6)**	**–**	**–**	**(3.6)**
Charge for the year	**–**	**0.8**	**0.3**	**4.8**	**5.9**
Impairment reversals	**–**	**(2.6)**	**–**	**–**	**(2.6)**
Disposals	**–**	**(3.0)**	**–**	**(4.8)**	**(7.8)**
At 30 June 2015	**–**	**28.0**	**0.7**	**28.0**	**56.7**
Net book value at 30 June 2013	134.3	240.9	3.6	10.4	389.2
Net book value at 30 June 2014	134.3	239.9	3.3	12.7	390.2
Net book value at 30 June 2015	**134.3**	**241.1**	**3.0**	**17.3**	**395.7**

Other intangible assets comprise other licences, computer software and development technology and customer lists. These include internally-generated computer software and development technology with a net book value of £7.3m (30 June 2014: £5.0m).

Property contracts arise as a fair value adjustment in respect of favourable property contracts on acquisitions.

Included in intangible assets are assets in the course of construction of £3.4m (30 June 2014: £nil).

Indefinite life intangible assets have been reviewed for impairment as set out in note 13.

12 Property, plant and equipment

Group	Land and buildings £m	Fixtures, fittings, plant and machinery £m	Total £m
Cost			
At 1 July 2013	138.4	473.7	612.1
Exchange adjustments	(0.7)	(3.9)	(4.6)
Additions	3.8	29.5	33.3
Disposals	(3.5)	(3.6)	(7.1)
Transfer from assets held for sale	2.2	–	2.2
At 30 June 2014	140.2	495.7	635.9
Exchange adjustments	**(1.3)**	**(6.2)**	**(7.5)**
Additions	**1.3**	**26.5**	**27.8**
Disposals	**(4.0)**	**(19.1)**	**(23.1)**
Transfer to assets held for sale	**(0.7)**	**(1.5)**	**(2.2)**
At 30 June 2015	**135.5**	**495.4**	**630.9**
Accumulated depreciation and impairment			
At 1 July 2013	72.9	308.1	381.0
Exchange adjustments	(0.1)	(2.5)	(2.6)
Charge for the year	3.9	33.3	37.2
Impairment charges	1.2	6.6	7.8
Impairment reversals	(0.4)	(0.3)	(0.7)
Disposals	(3.0)	(3.2)	(6.2)
Transfer from assets held for sale	1.9	–	1.9
At 30 June 2014	76.4	342.0	418.4
Exchange adjustments	**(0.2)**	**(5.2)**	**(5.4)**
Charge for the year	**4.0**	**32.4**	**36.4**
Impairment charges	**0.2**	**1.5**	**1.7**
Impairment reversals	**(0.4)**	**(0.1)**	**(0.5)**
Disposals	**(2.8)**	**(18.7)**	**(21.5)**
Transfer to assets held for sale	**(0.4)**	**(1.2)**	**(1.6)**
At 30 June 2015	**76.8**	**350.7**	**427.5**
Net book value at 30 June 2013	65.5	165.6	231.1
Net book value at 30 June 2014	63.8	153.7	217.5
Net book value at 30 June 2015	**58.7**	**144.7**	**203.4**

Impairment charges for the year of £1.7m comprise £1.2m which has been recognised in respect of exceptional items relating to continuing operations and £0.5m in respect of operating profit before exceptional items. Impairment charges in the prior year of £7.8m were all in respect of exceptional items relating to continuing operations. £1.0m of this amount was included in integration costs within exceptional items.

12 Property, plant and equipment – continued

Finance leases

The net book value of property, plant and equipment held under finance leases was:

	As at 30 June 2015 £m	As at 30 June 2014 £m
Land and buildings	**6.1**	6.8
Fixtures, fittings, plant and machinery	**1.6**	3.7
Net book value at end of period	**7.7**	10.5

There were £nil (year ended 30 June 2014: £2.3m) of additions under finance leases during the year.

Assets under construction

Included in property, plant and equipment are assets in the course of construction of £2.4m (year ended 30 June 2014: £1.9m).

Assets held for sale

	As at 30 June 2015 £m	As at 30 June 2014 £m
Land and buildings	**0.6**	–

Assets held for sale comprise two freehold properties. It is expected that these properties will be sold within twelve months of the balance sheet date.

13 Impairment review

The pre-tax discount rates applied to the different segments of the business are as follows:

Segment	Discount rate
Grosvenor Casinos venues	10.0%
Mecca venues	10.0%
Enracha venues	11.0%
Mecca digital	11.0%

In the year ended 30 June 2014 a pre-tax discount rate of 10.0% was applied to all segments.

The discount rate calculation is based on the specific circumstances of the Group and its cash generating units (CGUs) and is derived from its weighted average cost of capital.

a) Impairment review of goodwill and intangible assets with indefinite lives

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. In accordance with IAS 36, goodwill is reviewed annually for impairment. In addition, the Group classifies casino licences (with the exception of its concessions in Belgium) and Spanish bingo licences as intangible assets with an indefinite life.

i) Goodwill

At 30 June 2015, the Group has goodwill with a carrying value of £134.3m (30 June 2014: £134.3m).

Digital goodwill

£53.4m of goodwill arose on the acquisition of Rank Digital Limited. All of this goodwill is allocated to the Mecca digital CGU for the purposes of impairment testing.

In respect of the Mecca digital CGU, the recoverable amount has been determined based on a value in use calculation using cash flow projections based on the Group's budget for 2015/16, the Group's strategic plan for the following two years and a growth rate of 2.0% (30 June 2014: 2.0%) thereafter. Both the Group's budget and strategic plan have been approved by the board of directors.

The key assumptions in the calculation of value in use are settled stakes, gaming win margins, gaming duty and the discount rate. Settled stakes represent monies placed by customers for interactive games and are estimated taking into account the product mix and industry developments. Gaming win margins are based on values achieved in the past and amended for any anticipated changes in the budget period. Gaming duty is based upon statutory rates enacted at the balance sheet date.

As a result of the impairment testing, the directors do not believe that the carrying value of the goodwill was impaired as the value in use exceeded the carrying value of goodwill. The key factors which impact the calculation of the carrying value include:

Key factors	Key assumption impacted
Increased or improved competition	Settled stakes, Gaming win margin
Poor or decreased marketing activity	Settled stakes
Failure to respond to technological advances	Settled stakes
Deterioration in economic conditions	Settled stakes
Changes in regulation	Settled stakes, Gaming win margin
Changes in duties	Gaming duty

Based on these key assumptions and resulting projections, the recoverable amount of the CGU exceeds its carrying amount by in excess of £74m. A decrease of approximately 14% in either settled stakes or win margin would be required for the recoverable amount to equal the carrying value of the CGU. A rise in gaming duty from 15% to approximately 23% would be required for the recoverable amount to equal the carrying value of the CGU. These calculations assume all other assumptions remain constant and therefore do not reflect any cost saving measures that may be identified should a key assumption be impacted to this magnitude.

Casino goodwill
£80.9m of goodwill arose on the acquisition of 19 casinos from Gala Coral in May 2013. In respect of this goodwill, each casino is first treated as a separate CGU and tested for impairment in accordance with the policy set out below at 13(ii). The goodwill arising on the acquisition is then tested by treating the combined casinos as a single CGU.

The recoverable amount has been determined based on a value in use calculation using cash flow projections of the combined casinos from the Group's budget for 2015/16, the Group's strategic plan for the following two years and a growth rate of 2.0% (30 June 2014: 2.0%) thereafter. Both the Group's budget and strategic plan have been approved by the board of directors.

The key assumptions in the calculation of value in use are customer visits, spend per visit, casino duty, machine games duty and the discount rate. Customer visits are the number of discrete visits by customers to casinos and have been based on historic trends. Spend per visit comprises the average amount of money (net of winnings) spent per visit on gaming tables, machines and food and beverages. This has also been determined by historic trends. Casino duty is levied in bands of between 15% and 50% depending upon the level of gaming win at each casino. The bands and rates have been assumed to remain at current levels without indexation. Machine games duty is levied at rates of 5% or 20% depending upon certain criteria.

The table below outlines the possible changes in key assumptions that could cause the carrying value of goodwill to exceed its recoverable amount. These are:

Key factors	Key assumption impacted
Increased or improved competition	Customer visits
Poor or decreased marketing activity	Customer visits
Failure to respond to technological advances	Customer visits, Spend per visit
Deterioration in economic conditions	Customer visits, Spend per visit
Changes in regulation	Customer visits, Spend per visit
Changes in duties	Casino duty, Machine games duty

Based on these key assumptions and resulting projections, the recoverable amount of the CGU exceeds its carrying amount by £76m. A decrease of approximately 5% in either customer visits or spend per visit would be required for the recoverable amount to equal the carrying value of the CGU. A rise in gaming-related taxes from the current blended rate of 17.5% to 26.9% across the combined casinos would be required for the recoverable amount to equal the carrying value of the CGU. These calculations assume all other assumptions remain constant and therefore do not reflect any cost saving measures that may be identified should a key assumption be impacted to this magnitude.

ii) Casino licences
The carrying value of indefinite life casino licences as at 30 June 2015 was £231.9m (30 June 2014: £231.3m).

The inherent value of a casino licence is deemed to be an intrinsic part of the value of the operation of a casino as a whole and is therefore not split out from each casino in an impairment review. Each casino has been treated as a separate CGU, and tested for impairment on that basis. The recoverable amount of each casino, including the licence, has been determined based on the higher of fair value less costs of disposal and value in use. The value in use has been determined using cash flow projections, over the length of the associated lease or 50 years for freehold properties, based on the Group's budget for 2015/16, the Group's strategic plan for the following two years and a growth rate of 2.0% (30 June 2014: 2.0%) thereafter. Both the Group's budget and strategic plan have been approved by the board of directors. Estimates of the fair value less costs of disposal are performed internally by experienced senior management supported by knowledge of similar transactions or, where applicable, offers received.

13 Impairment review – continued

The key assumptions in the calculation of value in use are customer visits, spend per visit, casino duty, machine games duty and the discount rate. Customer visits are the number of discrete visits by customers to the casino and have been based on historic trends. Spend per visit comprises the average amount of money (net of winnings) spent per visit on gaming tables, machines and food and beverages. This has also been determined by historic trends. Casino duty is levied in bands of between 15% and 50% depending upon the level of gaming win at each casino. The bands and rates have been assumed to remain at current levels without indexation. Machine games duty is levied at rates of 5% or 20% depending upon certain criteria.

The table below outlines the possible changes in key assumptions that could cause the carrying value of individual licences to exceed their recoverable amount. These are:

Key factors	Key assumption impacted
Increased or improved competition	Customer visits
Poor or decreased marketing activity	Customer visits
Failure to respond to technological advances	Customer visits, Spend per visit
Deterioration in economic conditions	Customer visits, Spend per visit
Changes in regulation	Customer visits, Spend per visit
Changes in duties	Casino duty, Machine games duty

As outlined above, each casino licence has been tested for impairment as part of the club as a whole. The level by which the recoverable amount of each CGU exceeds its carrying amount therefore varies at each venue and the impact of changes in key assumptions that would be required for the recoverable amount to equal its carrying amount also varies at each casino. For UK casino licences at venues, the directors do not believe that, with the exception of a prolonged non-operation of a UK casino licence, there are any reasonably foreseeable changes to the key assumptions that would result in a material impairment.

No impairment charges were made during the year against indefinite life casino licences (year ended 30 June 2014: £nil).

The two casino concessions in Belgium are being amortised over their expected useful life. At 30 June 2015 these concessions had a carrying value of £4.2m (30 June 2014: £4.8m). Each of the casino concessions has also been treated as a separate CGU for impairment testing purposes. As a result of this review an impairment reversal of £0.8m has been recognised in respect of one concession.

iii) Spanish bingo licences
The carrying value of Spanish bingo licences as at 30 June 2015 was £5.0m (30 June 2014: £3.8m).

The inherent value of each Spanish bingo licence is deemed to be an intrinsic part of the value of a club as a whole and is not therefore split out from the assets of each individual bingo club in an impairment review. Each individual bingo club has been treated as a separate CGU, and tested for impairment on that basis. The recoverable amount of each Spanish bingo club, including the licence, has been determined based on the higher of fair value less costs of disposal and value in use. The value in use calculation has been determined using cash flow projections, over the length of the associated lease or 50 years in the case of freehold properties, based on the Group's budget for 2015/16, the Group's strategic plan for the following two years and a growth rate of 2.0% (30 June 2014: nil growth), thereafter.

The key assumptions in the calculation of value in use are customer visits, spend per visit, bingo duty and the discount rate. Customer visits are the number of discrete visits to the bingo club and have been based on recent trends. Spend per visit comprises the average amount of money (net of winnings) spent by a member on bingo games, machines and food and beverages. This has been determined by recent trends. Bingo duty is based upon statutory rates enacted at the balance sheet date.

As a result of the impairment review, an impairment reversal of £1.8m (30 June 2014: £nil) has been recognised against the value in use of one bingo licence. However, there are possible changes in the key assumptions that could cause further impairments. These are:

Key factors	Key assumption impacted
Increased or improved competition	Customer visits
Poor or decreased marketing activity	Customer visits
Failure to respond to technological advances	Customer visits, Spend per visit
Deterioration in economic conditions	Customer visits, Spend per visit
Changes in regulation	Customer visits, Spend per visit
Changes in duties	Bingo duty

As outlined above, each Spanish bingo licence has been tested for impairment as part of the club as a whole. Accordingly, the sensitivity of each licence to future impairments, arising from changes in the key assumptions, varies at each club. For the clubs previously impaired, each one percentage point reduction in expected future cash flow projections would generate an incremental impairment of £0.1m.

b) Impairment review of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are grouped into CGUs which are defined as individual venues for Mecca, Enracha and Grosvenor Casinos and as the Grosvenor Casino digital and Mecca digital businesses. Each CGU is assessed for indicators of impairment, such as a significant deterioration in trade, and if appropriate a full impairment review is performed.

The key assumptions and sensitivities in the impairment reviews are the same as outlined above for intangible assets.

The recoverable amount of each CGU, including the licence if applicable, has been determined based on the higher of fair value less costs of disposal and value in use. The value in use has been determined using cash flow projections from the Group's budget for 2015/16, the Group's strategic plan for the following two years and a growth rate of 2.0% (30 June 2014: 2.0%) thereafter. Both the Group's budget and strategic plan have been approved by the board of directors. Estimates of the fair value less costs of disposal are performed internally by an experienced surveyor supported by external estate agent advice or, where applicable, offers received.

c) Impairment recognised during the period

Details of impairment charges and reversals recognised during the current and prior periods are disclosed in note 4, with a segregation of these charges and reversals shown in note 2a.

14 Investments in subsidiaries

Company	**As at 30 June 2015 £m**	As at 30 June 2014 £m
Cost		
At start of year	**1,516.9**	1,517.2
Movements	**0.7**	(0.3)
At end of year	**1,517.6**	1,516.9
Provision for impairment		
At start of year	**331.8**	331.8
Impairment reversal	**(259.9)**	–
At end of year	**71.9**	331.8
Net book value at end of year	**1,445.7**	1,185.1

The movements in cost relate to the fair value of services recognised by subsidiary undertakings arising from equity-settled share options granted by the Company.

The Company has recognised an impairment reversal of £259.9m following a period of sustained improvement in earnings, combined with an increase in net assets, used as a basis for the annual impairment review of the carrying value of the Company's investments in subsidiary undertakings. Of the total reversal of £259.9m, £159.8m has been released to an unrealised profit reserve where it was originally charged.

15 Inventories

	Group	
	As at 30 June 2015 £m	As at 30 June 2014 £m
Raw materials	**0.2**	0.3
Finished goods	**2.6**	2.8
	2.8	3.1

There were no write downs of inventory in either year.

16 Other receivables

	Group		Company	
	As at 30 June 2015 £m	As at 30 June 2014 £m	**As at 30 June 2015 £m**	As at 30 June 2014 £m
Current				
Other receivables	**3.2**	3.9	**–**	–
Less: provisions for impairment of other receivables	**(0.1)**	(0.1)	**–**	–
Other receivables – net	**3.1**	3.8	**–**	–
Prepayments	**26.2**	27.3	**–**	–
Amounts owed by subsidiary undertakings repayable on demand	**–**	–	**45.7**	44.2
	29.3	31.1	**45.7**	44.2
Non-current				
Other receivables	**2.9**	3.1	**–**	–
Convertible loan note	**2.4**	–	**–**	–
	5.3	3.1	**–**	–

Group

The directors consider that the carrying value of other receivables and convertible loan notes approximate to their fair value.

As at 30 June 2015, other receivables of £nil (30 June 2014: £0.1m) were past due but not impaired.

The creation and release of provisions for impaired receivables have been included in other operating costs in the income statement. Amounts charged to the provision for impairment are generally written off when there is no expectation of recovering additional cash.

The other classes within receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The Group holds a convertible loan note issued by a third party gaming platform provider during the year. At 30 June 2015, £2.4m has been paid out of a total of £3.5m payable under the agreement. The Group has the option to convert the loan note into 17.5% of the issued share capital of the platform provider at any time prior to June 2018. If conversion does not take place then the loan note is repayable in full in January 2019.

Company

The carrying values of amounts due from subsidiary undertakings are assumed to equate to their fair value as all amounts are repayable on demand. The amounts are denominated in UK Sterling and relate to subsidiary undertakings for which there is no history of default.

17 Trade and other payables

	Group		Company	
	As at 30 June 2015 £m	As at 30 June 2014 £m	**As at 30 June 2015 £m**	As at 30 June 2014 £m
Current				
Trade payables	**26.0**	25.8	**–**	–
Social security and other taxation	**35.2**	25.0	**–**	–
Other payables	**85.8**	62.4	**1.6**	1.4
Trade and other payables – current	**147.0**	113.2	**1.6**	1.4
Non-current				
Other payables	**37.6**	40.5	**–**	–
Trade and other payables – non-current	**37.6**	40.5	**–**	–

Other payables includes £2.9m current payables (30 June 2014: £2.9m) and £37.6m non-current payables (30 June 2014: £40.5m) in respect of above market rent property contracts acquired through business combinations.

18 Income tax

	Group	
	As at 30 June 2015 £m	As at 30 June 2014 £m
Income tax receivable	**1.7**	6.6
Income tax payable – Continuing operations	**(26.2)**	(22.4)
Income tax payable – Discontinued operations	**(1.8)**	(17.9)
Income tax payable	**(28.0)**	(40.3)
Net income tax payable	**(26.3)**	(33.7)

Income tax payable on discontinued operations relates to potential tax liabilities that are attributable to disposed entities with historic tax audits. The liability represents management's current estimate of the payments that will be required to settle the issues.

Income tax payable on continuing operations includes an ongoing tax issue that may be challenged by the relevant authority.

19 Financial assets and liabilities

(a) Interest-bearing loans and borrowings

		Group	
	Maturity	**As at 30 June 2015 £m**	As at 30 June 2014 £m
Current interest-bearing loans and borrowings			
Bank overdrafts	On demand	**2.1**	0.8
Obligations under finance leases	Various	**2.7**	3.2
Term loans	May 2016	**120.0**	–
Other current loans			
Accrued interest	July 2015	**0.7**	1.1
Unamortised facility fees	Various	**–**	(0.7)
Total current interest-bearing loans and borrowings		**125.5**	4.4
Non-current interest-bearing loans and borrowings			
7.125% Yankee bonds	2018	**8.6**	8.4
Term loans		**–**	140.0
Revolving credit facilities		**–**	20.0
Obligations under finance leases	Various	**9.1**	11.7
Other non-current loans			
Unamortised facility fees	Various	**(0.1)**	(0.6)
Total non-current interest-bearing loans and borrowings		**17.6**	179.5
Total interest-bearing loans and borrowings		**143.1**	183.9
Sterling		**134.5**	175.5
US Dollars		**8.6**	8.4
Total interest-bearing loans and borrowings		**143.1**	183.9

Bank overdrafts
Bank overdrafts are for short-term funding and are repayable on demand.

Yankee bonds
Interest on the Yankee bonds is payable half yearly in January and July at a rate of 7.125%. £0.4m of Yankee bonds were repurchased during the year.

Term loan facilities
Three year facilities were signed on 25 April 2013 and consisted of two bi-lateral £70.0m term loans totalling £140.0m. These loans were put in place to fund the acquisition of Gala Casino 1 Limited from Gala Coral Group Limited. Interest is payable on a periodic basis depending on the loan drawn. The facilities carry floating rates of interest which are LIBOR dependant. £20.0m of these facilities were repaid during the year.

Revolving credit facilities
Five year facilities were signed in January 2012 and consist of four £20.0m multi-currency revolving credit bi-lateral facilities totalling £80.0m. Interest is payable on a periodic basis depending on the loan drawn. The facilities carry floating rates of interest which are LIBOR dependent.

The Group's term loan facilities and revolving credit facilities are due to expire in May 2016 and January 2017 respectively. The Group has been working with its relationship banks and anticipates replacement facilities being signed shortly.

Covenants
The Group complied with all its covenants during the year.

Company
The Company did not hold any external interest-bearing loans or borrowings at 30 June 2015 (30 June 2014: £nil). The Company holds interest-bearing loans with other Group companies at 30 June 2015 of £871.5m (30 June 2014: £829.8m).

(b) Hedging activities
The Group has not carried out any hedging activities in either period.

(c) Fair values

The table below is a comparison by class of the carrying amounts and fair value of the Group and Company's financial instruments at 30 June 2015 and 30 June 2014.

Group	Carrying amount As at 30 June 2015 £m	Carrying amount As at 30 June 2014 £m	Fair value As at 30 June 2015 £m	Fair value As at 30 June 2014 £m
Financial assets:				
Loans and receivables				
Other receivables	**3.5**	4.0	**3.5**	4.0
Convertible loan note	**2.4**	–	**2.4**	–
Cash and short-term deposits	**89.6**	47.1	**89.6**	47.1
Total	**95.5**	51.1	**95.5**	51.1
Financial liabilities:				
Other financial liabilities				
Interest bearing loans and borrowings				
Obligations under finance leases	**11.8**	14.9	**11.8**	14.9
Floating rate borrowings	**120.0**	160.0	**120.0**	160.0
Fixed rate borrowings	**8.6**	8.4	**9.4**	9.4
Bank overdrafts	**2.1**	0.8	**2.1**	0.8
Other	**0.6**	(0.2)	**0.6**	(0.2)
Trade and other payables	**92.9**	72.9	**92.9**	72.9
Property leases	**47.6**	52.8	**47.6**	52.8
Lease disposal settlements	**–**	0.1	**–**	0.1
Total	**283.6**	309.7	**284.4**	310.7

Company	Carrying amount As at 30 June 2015 £m	Carrying amount As at 30 June 2014 £m	Fair value As at 30 June 2015 £m	Fair value As at 30 June 2014 £m
Financial assets:				
Loans and receivables				
Other receivables	**45.7**	44.2	**45.7**	44.2
Cash and short-term deposits	**0.2**	0.2	**0.2**	0.2
Total	**45.9**	44.4	**45.9**	44.4
Financial liabilities:				
Other financial liabilities				
Trade and other payables	**1.6**	1.4	**1.6**	1.4
Financial guarantee contracts	**0.3**	2.7	**0.3**	2.7
Amounts owed to subsidiary undertakings	**871.5**	829.8	**871.5**	829.8
Total	**873.4**	833.9	**873.4**	833.9

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

~ Cash and short-term deposits, other receivables, bank overdrafts and other financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments;

~ The fair value of fixed rate borrowings is based on price quotations at the reporting date;

~ The fair values of floating rate borrowings and obligations under finance leases approximate their carrying amounts; and

~ The fair values of onerous property leases and lease disposal settlements approximate their carrying amounts as they are discounted at current rates.

20 Financial risk management objectives and policies

Financial risk factors

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has other receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's senior management oversees the management of these risks. The finance committee is supported by the Group's senior management that advises on financial risks and the appropriate financial risk governance framework for the Group. The finance committee provides assurance that the Group's financial risk-taking activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite.

The board of directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analyses in the following sections relate to the positions at 30 June 2015 and 30 June 2014.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

Group policy is not to hedge foreign currency risk.

Foreign currency sensitivity

The following table demonstrates the sensitivity of a possible change in the US Dollar and euro, with all other variables held constant, to the Group's profit before tax and the Group's equity. The effect on equity, other than the effect of profit before tax, includes the impact of translation of overseas subsidiaries. The Group's exposure to foreign currency changes for all other currencies is not material.

	Effect on profit before tax		Effect on equity	
	As at 30 June 2015 £m	As at 30 June 2014 £m	**As at 30 June 2015 £m**	As at 30 June 2014 £m
Change in US$ rate:				
+10.0%	**0.8**	0.7	**–**	–
-10.0%	**(1.0)**	(0.9)	**–**	–
Change in euro rate:				
+10.0%	**–**	(0.1)	**(4.0)**	(3.8)
-10.0%	**0.1**	0.1	**4.0**	3.8

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's obligations with floating interest rates.

Historically, the Group had managed its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Due to the current economic climate the Group has exercised its right to operate outside the Group policy of maintaining between 40% and 60% of its borrowings at fixed rates of interest. At 30 June 2015, 14% of the Group's borrowings were at a fixed rate of interest (30 June 2014: 13%).

(iii) Interest rate sensitivity

The table below demonstrates the sensitivity to a possible change in interest rates on income and equity for the year when this movement is applied to the carrying value of loans, borrowings, cash and short-term deposits.

	Effect on profit before tax	
	As at 30 June 2015 £m	As at 30 June 2014 £m
Sterling:		
100 basis point increase	**0.8**	1.6
200 basis point increase	**1.6**	3.2

There was no impact on equity in either year as a consequence of loan arrangements.

Due to current low interest rates, any further decline would not have a material impact on income and equity for the year. As such, sensitivity to a decrease in interest rates has not been presented.

The Group did not enter into any fixed-to-floating or floating-to-fixed interest rate swaps in either year.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the finance director, and may be updated throughout the year subject to the approval of the Group's finance committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

The credit worthiness of each counterparty is checked against independent credit ratings on at least a weekly basis, with a minimum rating of 'BB' required. The Group predominantly invests with its lending banks when appropriate.

Sales to retail customers are settled in cash or using major credit cards and therefore the exposure to credit risk is not considered significant.

No credit limits were exceeded during the reporting period and management does not expect any material losses from non-performance of its counterparties.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet its liabilities. Cash forecasts identifying the liquidity requirements of the Group are produced three times a year. The cash forecasts are sensitivity tested for different scenarios and are reviewed regularly. Forecast financial headroom and debt covenant compliance are reviewed monthly during the month-end process to ensure sufficient financial headroom exists for at least a 12-month period.

Due to the dynamic nature of the underlying businesses, Group treasury aims to maintain flexibility in funding by keeping committed credit lines available. A three-year strategic forecast is prepared annually to facilitate planning for future financing needs. Management actively manages the Group's financing requirements and the range of maturities on its debt.

The Group's core debt facilities are the £80.0m (30 June 2014: £80.0m) bank facility comprising four £20.0m bi-lateral bank facilities, and the £120.0m (30 June 2014: £140.0m) bank facility comprising two £60.0m bi-lateral bank facilities. The Group proactively manages its relationships with its lending group.

The funding policy of the Group is to maintain, as far as practicable, a broad portfolio of debt diversified by source and maturity, and to maintain committed facilities sufficient to cover seasonal peak anticipated borrowing requirements.

20 Financial risk management objectives and policies – continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On demand £m	Less than 12 months £m	1 to 2 years £m	2 to 5 years £m	Greater than 5 years £m	Total £m
At 30 June 2015						
Interest-bearing loans and borrowings[1]	**2.1**	**127.6**	**1.7**	**12.3**	**4.5**	**148.2**
Trade and other payables	**–**	**92.9**	**–**	**–**	**–**	**92.9**
Property leases	**–**	**6.1**	**5.3**	**12.3**	**39.2**	**62.9**
	2.1	**226.6**	**7.0**	**24.6**	**43.7**	**304.0**
At 30 June 2014						
Interest-bearing loans and borrowings[1]	0.8	9.6	148.5	34.1	7.8	200.8
Trade and other payables	–	72.9	–	–	–	72.9
Property leases	–	8.2	4.3	11.6	45.0	69.1
Lease disposal settlements	–	0.1	–	–	–	0.1
	0.8	90.8	152.8	45.7	52.8	342.9

Interest payments on the interest-bearing loans and borrowings have been projected until the instruments mature.

1 The bank facility interest payments were based on current LIBOR rates as at the reporting date.

Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern. The Group defines shareholders' equity and net debt as capital. In order to protect the capital structure of the Group the directors ensure that there is continuing access to debt facilities and manage the borrowing costs of those facilities.

Consistent with others in the gaming industry, the Group monitors capital on the basis of leverage ratio. The ratio is calculated as net debt divided by EBITDA. Net debt is calculated as total borrowings (including 'loans and borrowings' as shown in the consolidated balance sheet) less cash and short-term deposits, accrued interest and unamortised facility fees. EBITDA is calculated as operating profit before exceptional items, depreciation and amortisation from continuing operations.

The leverage ratios at 30 June 2015 and 30 June 2014 were as follows:

	As at 30 June 2015 £m	As at 30 June 2014 £m
Total loans and borrowings (note 19)	**143.1**	183.9
Less: Cash and short-term deposits	**(89.6)**	(47.1)
Less: Accrued interest	**(0.7)**	(1.1)
Less: Unamortised facility fees	**0.1**	1.3
Net debt	**52.9**	137.0
Continuing operations		
Operating profit before exceptionals	**84.0**	72.4
Add: Depreciation and amortisation	**42.3**	43.6
EBITDA	**126.3**	116.0
Leverage ratio	**0.4**	1.2

Taking into consideration both the Group's capital investment requirements and the stability of the wider economic environment, the Group considers its progressive dividend policy to be appropriate.

Collateral

The Group did not pledge or hold any collateral at 30 June 2015 (30 June 2014: £nil).

Company

The Company is exposed to credit risk on amounts owed by related undertakings. The performance of all subsidiary undertakings of the Group is monitored at Group level, including frequent projections of future performance to ensure funding to related undertakings provides a suitable return and remains recoverable. Where losses are forecast, actions are taken to mitigate the loss and maximise the recoverability of receivables.

The maximum exposure to credit risk at the reporting date is the fair value of its receivables of £45.7m (30 June 2014: £44.2m).

The Company does not have any other significant exposure to financial risks.

21 Deferred tax

The analysis of deferred tax included in the financial statements at the end of the year is as follows:

	Group		Company	
	As at 30 June 2015 £m	As at 30 June 2014 £m	**As at 30 June 2015 £m**	As at 30 June 2014 £m
Deferred tax assets:				
Accelerated capital allowances	**12.6**	15.6	**–**	–
Tax losses carried forward	**2.2**	2.5	**–**	–
Business combinations – property lease fair value adjustments	**5.1**	7.0	**–**	–
Other UK temporary differences	**1.3**	0.8	**0.1**	–
Deferred tax assets	**21.2**	25.9	**0.1**	–
Deferred tax liabilities:				
Other overseas temporary differences	**(1.0)**	(0.8)	**–**	–
Business combinations – non-qualifying properties	**(0.7)**	(0.8)	**–**	–
Temporary differences on UK casino licences	**(40.4)**	(39.9)	**–**	–
Deferred tax liabilities	**(42.1)**	(41.5)	**–**	–
Net deferred tax (liability) asset	**(20.9)**	(15.6)	**0.1**	–

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and it is the intention to settle the balances on a net basis. Deferred tax assets and liabilities of £19.0m (30 June 2014: £23.4m) have been offset and disclosed on the balance sheet as follows:

	Group	
	As at 30 June 2015 £m	As at 30 June 2014 £m
Deferred tax assets	**2.2**	2.5
Deferred tax liabilities	**(23.1)**	(18.1)
Net deferred tax liability	**(20.9)**	(15.6)

The deferred tax assets recognised are recoverable against future taxable profits that the directors consider more likely than not to occur on the basis of management forecasts.

The Group has overseas tax losses of £2.8m (30 June 2014: £22.9m) that are carried forward for offset against suitable future taxable profits. No deferred tax asset has been recognised in respect of these losses as their utilisation is not currently anticipated. Tax losses expiring in 2017 of £20.3m disclosed in the prior year relate to an entity which was liquidated during the current year. The expiry of these losses was as follows:

	Group	
	As at 30 June 2015 £m	As at 30 June 2014 £m
Expiring in 2017	**–**	20.3
No expiry date	**2.8**	2.6
	2.8	22.9

The Group has UK capital losses carried forward of £793m (30 June 2014: £792m). These losses are available for offset against future UK chargeable gains. No deferred tax asset (30 June 2014: £nil) has been recognised in respect of these capital losses as no further utilisation is currently anticipated.

21 Deferred tax – continued

Temporary differences associated with Group investments

There was no deferred tax liability recognised (30 June 2014: £nil) for taxes that would be payable on the unremitted earnings of certain subsidiaries. The Group has determined that any unremitted earnings that do not fall within the dividend exemption introduced in the Finance Act 2009 will not be distributed in the foreseeable future and the parent company does not foresee giving such consent at the balance sheet date.

The deferred tax included in the Group income statement is as follows:

	Group	
	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Deferred tax in the income statement		
Accelerated capital allowances	**(2.8)**	(2.8)
Deferred tax movement on fair valued assets	**0.1**	0.2
Tax losses	**(0.1)**	(0.1)
Business combinations – property lease fair value adjustments	**(1.9)**	(1.6)
Temporary differences on UK casino licences	**(0.5)**	5.9
Other temporary differences	**0.2**	(0.9)
Total deferred tax (charge) credit	**(5.0)**	0.7
Continuing operations	**(5.0)**	0.7
Discontinued operations	**–**	–
Total deferred tax (charge) credit	**(5.0)**	0.7

The deferred tax movement on the balance sheet is as follows:

	Group		Company	
	30 June 2015 £m	30 June 2014 £m	**30 June 2015 £m**	30 June 2014 £m
As at start of year	**(15.6)**	(15.9)	**–**	0.2
Exchange adjustments	**(0.1)**	(0.2)	**–**	–
Disposal of overseas subsidiary	**(0.3)**	–	**–**	–
Deferred tax (charge) credit in the income statement	**(5.0)**	0.7	**–**	–
Deferred tax credit (charge) to other comprehensive income and equity	**0.1**	(0.2)	**0.1**	(0.2)
As at end of year	**(20.9)**	(15.6)	**0.1**	–

22 Provisions

Group	Property lease provisions £m	Disposal provisions £m	Restructuring provisions £m	Indirect tax provision £m	Total £m
At 1 July 2014	52.8	4.6	0.9	1.2	59.5
Exchange adjustments	**(0.1)**	**0.2**	**–**	**–**	**0.1**
Unwinding of discount	**1.2**	**0.1**	**–**	**–**	**1.3**
Charge to the income statement – exceptional	**2.8**	**–**	**0.5**	**–**	**3.3**
Release to the income statement – exceptional	**(2.9)**	**–**	**–**	**–**	**(2.9)**
Utilised in year	**(6.2)**	**(0.6)**	**(0.9)**	**–**	**(7.7)**
At 30 June 2015	**47.6**	**4.3**	**0.5**	**1.2**	**53.6**
Current	**6.2**	**1.0**	**0.5**	**1.2**	**8.9**
Non-current	**41.4**	**3.3**	**–**	**–**	**44.7**
Total	**47.6**	**4.3**	**0.5**	**1.2**	**53.6**

Provisions have been based on management's best estimate of the future cash flows, taking into account the risks associated with each obligation.

Property lease provisions

The Group is party to a number of leasehold property contracts. Provision has been made against those leases where the property or part of the property is now vacant and the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential sub-letting arrangements. Provision has also been made against leases where impairment testing has indicated that, after recognising an impairment charge, the estimated discounted cash flows derived from the property and its associated operations are insufficient to cover the unavoidable lease costs and the lease is therefore deemed onerous. These leases have a weighted average unexpired life of 22 years (30 June 2014: 24 years). Of the provision totalling £47.6m, £27.6m will be utilised over periods ranging from one to 18 years; and the remaining £20.0m will be utilised over periods from one to in excess of 24 years.

Disposal provisions

Provision has been made for legacy industrial disease and personal injury claims, deferred payments arising from the settlement of property lease obligations and other directly attributable costs arising as a consequence of the sale or closure of the businesses. The timing of any personal injury claims is uncertain and therefore these claims have been included in the maturity analysis based on management's best estimates. The disposal provisions held comprise the following:

	As at 30 June 2015 £m	As at 30 June 2014 £m
Deferred payments arising on lease settlement and related costs	**–**	0.1
Legacy industrial disease and personal injury claims	**3.7**	4.0
Other	**0.6**	0.5
Total disposal provisions	**4.3**	4.6

Restructuring provisions

The restructuring provision relates to the costs associated with the closure of three Mecca venues early in 2015/16.

Indirect tax provision

The indirect tax provision relates to the Group's VAT claim on amusement machines. The balance of £1.2m represents the directors' best estimate of the outflow likely to arise.

23 Share capital

	As at 30 June 2015 Authorised		As at 30 June 2014 Authorised	
	Number m	**Nominal value £m**	Number m	Nominal value £m
Ordinary shares of 13 8/9p each	**1,296.0**	**180.0**	1,296.0	180.0

	As at 30 June 2015 Issued and fully paid		As at 30 June 2014 Issued and fully paid	
	Number m	**Nominal value £m**	Number m	Nominal value £m
At start of year and at end of year	**390.7**	**54.2**	390.7	54.2

24 Cash generated from operations

Reconciliation of operating profit to cash generated from continuing operations:

	Group		Company	
	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m	**Year ended 30 June 2015 £m**	Year ended 30 June 2014 £m
Continuing operations				
Operating profit	**86.1**	25.9	**261.8**	0.9
Exceptional items	**(2.1)**	46.5	**(259.9)**	–
Operating profit before exceptional items	**84.0**	72.4	**1.9**	0.9
Depreciation and amortisation	**42.3**	43.6	**–**	–
Amortisation of financial guarantees	**–**	–	**(2.3)**	(0.9)
Share based payments	**1.1**	(0.5)	**–**	–
Loss on disposal of property, plant and equipment	**0.3**	0.3	**–**	–
Loss on disposal of intangible assets	**0.5**	–	**–**	–
Impairment of property, plant and equipment	**0.5**	–	**–**	–
Decrease in inventories	**0.3**	0.2	**–**	–
Decrease (increase) in other receivables	**1.8**	(1.1)	**–**	–
Increase (decrease) in trade and other payables	**23.7**	(7.7)	**0.4**	(0.2)
	154.5	107.2	**–**	(0.2)
Cash utilisation of provisions	**(7.7)**	(36.5)	**–**	–
Cash payments in respect of exceptional items	**(0.2)**	(9.1)	**–**	–
Cash generated from (used in) continuing operations	**146.6**	61.6	**–**	(0.2)

25 Cash flows from acquisition and disposal of subsidiaries

On 12 May 2013, the Group acquired a 100% interest in Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited). The acquisition included 19 operating casinos and three non-operating casino licences. In the prior year there was a cash inflow of £1.2m relating to this acquisition.

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Net cash outflow in respect of disposal of subsidiary	**(0.1)**	–
Refund of consideration received in respect of prior year acquisitions	**–**	1.2
Deferred consideration paid in respect of prior year acquisitions	**–**	(0.1)
Cash (outflow) inflow	**(0.1)**	1.1

During the year, the Group disposed of an overseas subsidiary, which incurred a net cash outflow of £0.1m (year ended 30 June 2014: £nil).

26 Cash and short-term deposits

	Group	
	As at 30 June 2015 £m	As at 30 June 2014 £m
Cash at bank and on hand	**53.0**	44.0
Short-term deposits	**36.6**	3.1
Total	**89.6**	47.1

The analysis of cash and short-term deposits by currency is as follows:

	Group	
	As at 30 June 2015 £m	As at 30 June 2014 £m
Sterling	**85.4**	42.3
Euro	**4.1**	4.6
Other currencies	**0.1**	0.2
Total	**89.6**	47.1

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the statements of cash flow, cash and cash equivalents comprise the following:

	Group	
	As at 30 June 2015 £m	As at 30 June 2014 £m
Cash at bank and on hand	**53.0**	44.0
Short-term deposits	**36.6**	3.1
	89.6	47.1
Bank overdrafts	**(2.1)**	(0.8)
Total	**87.5**	46.3

Company

At 30 June 2015 the Company had cash and short-term deposits of £0.2m (30 June 2014: £0.2m).

27 Employees and directors

(a) Employee benefit expense for the Group during the year

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Wages and salaries	**191.0**	188.5
Social security costs	**18.2**	18.5
Pension costs	**4.4**	4.7
Share-based payments	**1.1**	(0.5)
	214.7	211.2

The Company has one employee (year ended 30 June 2014: one employee), remuneration for which is paid by a subsidiary undertaking.

(b) Average monthly number of employees

	Year ended 30 June 2015	Year ended 30 June 2014
Grosvenor Casinos venues	**6,398**	6,288
Mecca venues	**3,398**	3,627
Digital	**115**	103
Enracha	**519**	559
Central	**291**	332
	10,721	10,909

(c) Key management compensation

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Salaries and short-term employee benefits (including social security costs)	**4.3**	3.2
Termination benefits	**0.3**	–
Post-employment benefits	**0.2**	0.4
Share-based payments	**1.0**	(0.4)
	5.8	3.2

Included in key management compensation are bonuses of £1.3m in respect of the current year that will be paid in 2015/16 (year ended 30 June 2014: £nil).

Key management is defined as the directors of the Group and the management team, details of which are set out on page 48. Further details of emoluments received by directors are included in the remuneration report.

(d) Directors' interests

The directors' interests in shares of the Company, including conditional awards under the Long Term Incentive Plan, are detailed in the remuneration report.

(e) Total emoluments of the directors of The Rank Group Plc

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Salaries, fees and benefits	**1.7**	1.1
Post-employment benefits	**0.1**	0.2
	1.8	1.3

No director accrued benefits under defined benefit pension schemes in either year. No director (year ended 30 June 2014: none) is a member of the Group's defined contribution pension plan at the year end. Further details of emoluments received by directors, including the aggregate amount of gains made by directors upon the vesting of conditional share awards, are disclosed in the remuneration report on page 70.

28 Share-based payments

During the year ended 30 June 2015, the Company operated an equity settled Long-Term Incentive Plan ('LTIP'). Further details of the LTIP are included in the remuneration report on pages 72 and 73. The LTIP is an equity settled scheme and details of the movements in the number of shares are shown below:

	As at 30 June 2015	As at 30 June 2014
Outstanding at start of the year	**5,393,769**	8,548,832
Granted	**4,856,173**	946,473
Exercised	**–**	(106,247)
Expired	**–**	(1,465,608)
Forfeited	**–**	(2,529,681)
Surrendered	**(5,393,769)**	–
Outstanding at end of the year	**4,856,173**	5,393,769

	As at 30 June 2015	As at 30 June 2014
Weighted average remaining life	**3.2 years**	2.1 years
Weighted average fair value for shares granted during the year	**164.0p**	71.3p

The LTIP awards granted during the year vest in three tranches: 45% in December 2017, 30% in December 2018 and 25% in December 2019. All LTIP awards have £nil exercise price.

The LTIP awards in issue at the start of the year were surrendered, and replaced by the awards granted during the year. The surrendered awards had nil value at the point they were surrendered.

The fair value of the LTIP awards granted during the year is based on the market value of the share award at grant date less the expected value of dividends forgone.

In the prior year, when market based performance conditions existed, the fair value of LTIP awards granted was calculated using a Monte Carlo simulation which allowed for the incorporation of market performance conditions. The following table lists the inputs used in the share awards in the prior year:

	30 June 2014
Risk free interest rate (%)	0.34-1.40
Dividend yield (%)	3.20
Expected volatility (%)	31.00
Vesting period (Years)	1-3
Weighted average share price (p)	140.50

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the award is indicative of future trends, which may not necessarily be the actual outcome.

In both years, to the extent that grants are subject to non-market based performance conditions, the expense recognised is based on expectations of these conditions being met, which are reassessed at each balance sheet date.

The Group recognised a £1.1m charge (year ended 30 June 2014: £0.5m credit) in operating profit from accounting for share-based payments and related National Insurance in accordance with IFRS 2.

National Insurance contributions are payable in respect of some share-based payments. These contributions are payable on the date of exercise based on the intrinsic value of the share-based payments, and as such are treated as cash-settled awards. Of the charge in the year, £0.1m (year ended 30 June 2014: £0.1m credit) is in respect of such cash-settled awards. The Group has recorded liabilities at 30 June 2015 of £0.1m (30 June 2014: £nil).

29 Retirement benefits

Defined contribution scheme

The Group operates the Rank Group Stakeholder Pension Plan ('the Plan') which is externally funded and the Plan's assets are held separately from Group assets. During the year ended 30 June 2015, the Group contributed a total of £4.1m (year ended 30 June 2014: £4.3m) to the Plan. There were no significant contributions outstanding at the balance sheet date in either year.

Other pension commitment

The Group has an unfunded pension commitment relating to three former executives of the Group. At 30 June 2015, the Group's commitment was £3.8m (30 June 2014: £3.4m). The Group paid £0.1m (year ended 30 June 2014: £0.1m) in pension payments during the year. The net cost arising on the commitment of £nil (year ended 30 June 2014: £nil) has been recognised in other financial losses in the income statement. The actuarial loss arising on the commitment, resulting from the changes in assumptions outlined below in the year, was £0.5m (year ended 30 June 2014: £0.4m) before taxation and £0.4m after taxation (year ended 30 June 2014: £0.3m).

Assumptions used to determine the obligations at:

	30 June 2015 % p.a.	30 June 2014 % p.a.
Discount rate	3.7	4.2
Pension increases	3.2	3.4

The obligation has been calculated using the S1 mortality tables with a 1.5% per annum improvement in life expectancy.

30 Commitments

Group

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain properties, plant and items of machinery. These leases have durations of from under one year to 50 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	As at 30 June 2015 £m	As at 30 June 2014 £m
Not later than one year	46.1	48.3
After one year but not more than five years	180.1	188.4
After five years	233.8	287.6
	460.0	524.3

	As at 30 June 2015 £m	As at 30 June 2014 £m
Total future minimum sub-lease payments expected to be received under non-cancellable sub-leases	22.4	22.9

Finance lease commitments – Group as lessee

The minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	30 June 2014 £m
Not later than one year	3.5	4.1	2.7	3.2
After one year but not more than five years	6.5	8.3	4.5	6.0
More than five years	6.2	7.8	4.6	5.7
	16.2	20.2	11.8	14.9
Less future finance charges	(4.4)	(5.3)		
Present value of minimum lease payments	11.8	14.9		

	As at 30 June 2015 £m	As at 30 June 2014 £m
Total future minimum sub-lease payments expected to be received under non-cancellable sub-leases	0.1	0.2

Capital commitments

At 30 June 2015, the Group has contracts placed for future capital expenditure of £2.8m (30 June 2014: £3.7m).

31 Contingent assets

Group

Discontinued taxation

During the year the Group released an amount of £16.9m from income tax payable (see note 7) following the successful conclusion of a tax exposure relating to a discontinued operation in an overseas jurisdiction. In addition, the Group has been advised that it could receive a refund of between £2.5m to £4.0m in respect of amounts previously paid.

The Group has not recognised any gain in the financial statements at 30 June 2015 in respect of the potential refund.

32 Contingent liabilities

Group

Property leases

Concurrent to the £211m sale and leaseback in 2006, the Group transferred the rights and obligations but not the legal titles of 44 property leases to a third party. The Group remains potentially liable in the event of default by the third party. Should default occur then the Group would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, 11 of these have not expired or been surrendered. These 11 leases have durations of between 17 months and 98 years and a current annual rental obligation (net of sub-let income) of approximately £1.1m.

During the prior year, the Group became aware of certain information in respect of a change in the financial position of the third party and one of the guarantors. However, the Group has not to date been notified of any default, or intention to default, in respect of the transferred leases.

Stamp duty

The Group has received from HMRC a determination in respect of the amount of stamp duty payable on certain transactions undertaken by Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited) before its acquisition by the Group on 12 May 2013. The Group estimates the maximum potential additional stamp duty that could be due if HMRC are successful to be £7.2m plus interest. Under the terms of the Sale and Purchase Agreement the vast majority of any liability arising falls upon Gala Coral and the Group has further indemnification in the event of default by Gala Coral.

Company

At 30 June 2015, the Company has made guarantees to subsidiary undertakings of £129.9m (30 June 2014: £170.3m).

33 Related party transactions

Group

Details of compensation of key management are disclosed in note 27.

Entities with significant influence over the Group

Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange, has a controlling interest in The Rank Group Plc. The ultimate parent undertaking of Guoco is Hong Leong Company (Malaysia) Berhad (Hong Leong) which is incorporated in Malaysia. At 30 June 2015, entities controlled by Hong Leong owned 56.1% of the Company's shares, including 52.0% through Guoco and its wholly-owned subsidiary, Rank Assets Limited, the Company's immediate parent undertaking.

During the year, The Gaming Group Limited, a wholly owned subsidiary within the Group, completed the purchase of a non-operating casino licence from Clermont Leisure (UK) Limited for consideration of £0.2m (year ended 30 June 2014: £5.8m). Clermont Leisure (UK) Limited is an entity subject to common control. As set out in the prior year financial statements, the valuation of the casino licences was carried out by a third party on an arms' length basis.

Company

The following transactions with subsidiaries occurred in the year:

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m
Interest payable to subsidiary undertaking	**(26.7)**	(22.6)

During the year, Rank Group Finance Plc, a subsidiary of the Company, provided additional cash to the Company of £18.6m (year ended 30 June 2014: £16.6m).

34 Subsidiaries

The Company owns directly or indirectly 100% of the ordinary share capital and voting rights of the following companies:

Name	Country of incorporation	Principal activities
Grosvenor Casinos Limited	England and Wales	Casinos
Grosvenor Casinos (GC) Limited	England and Wales	Casinos
The Gaming Group Limited	England and Wales	Casinos
Mecca Bingo Limited	England and Wales	Social and bingo clubs
Rank Leisure Limited	England and Wales	Adult gaming centres in Mecca Bingo and Grosvenor Casinos
Rank Digital Limited[1]	England and Wales	Support services to interactive gaming
Rank Group Finance Plc[1]	England and Wales	Funding operations for the Group
Rank Digital Gaming (Alderney) Limited	Alderney	Interactive gaming
Rank Digital Services (Gibraltar) Limited	Gibraltar	Support services to interactive gaming
Rank Malta Operations p.l.c.	Malta	Interactive gaming
Conticin SL	Spain	Social and bingo clubs
Gotfor SA	Spain	Social and bingo clubs
Rank Cataluña SA	Spain	Social and bingo clubs
Rank Centro SA	Spain	Social and bingo clubs
Top Rank Andalucia SA	Spain	Social and bingo clubs
Verdiales SA	Spain	Social and bingo clubs
Blankenberge Casino-Kursaal NV	Belgium	Casino
Middelkerke Casino-Kursaal NV	Belgium	Casino
Rank Gaming Group Limited	England and Wales	Intermediary holding company
Rank Group Gaming Division Limited	England and Wales	Intermediary holding company and provision of shared services
Rank Leisure Holdings Limited	England and Wales	Intermediary holding company and corporate activities
Rank Nemo (Twenty-Five) Limited[1]	England and Wales	Intermediary holding company
Rank Overseas Holdings Limited	England and Wales	Intermediary holding company
Rank (U.K.) Holdings Limited	England and Wales	Intermediary holding company
Rank Group Holdings Limited	England and Wales	Intermediary holding company
Rank Money Purchase Pension Scheme Trustee Limited	England and Wales	Pension Scheme Trustee
Rank Pension Plan Trustee Limited	England and Wales	Pension Scheme Trustee
Rank Holding España SA	Spain	Intermediary holding company
Rank Malta Holdings Limited	Malta	Intermediary holding company
Rank Insurance Limited	Guernsey	Corporate activities
Rank EBT (Guernsey) Limited	Guernsey	Employee Benefit Trust
Rank Holdings (Germany) GmbH	Germany	Resolution of historic liabilities
Rank America Inc.	U.S.A.	Resolution of historic liabilities
Rank DMS LLC	U.S.A.	Resolution of historic liabilities
Associated Leisure (Amusement Machines) Limited	England and Wales	Dormant
DGMS Blackburn Holdings Limited	England and Wales	Dormant
Grosvenor Victoria Limited	England and Wales	Dormant
Kingsway Casinos Limited	England and Wales	Dormant
Leisure Holidays Limited	England and Wales	Dormant
Linkco Limited	England and Wales	Dormant
Mecca Casinos Limited	England and Wales	Dormant
MRC Developments Limited	England and Wales	Dormant
Pleasurama Properties Limited	England and Wales	Dormant
Pleasurama Property Investments Limited	England and Wales	Dormant
Rank (DMS) Limited	England and Wales	Dormant
Rank (FF) Limited	England and Wales	Dormant
Rank Holidays Division Limited	England and Wales	Dormant
Rank Hotels (Management) Limited	England and Wales	Dormant
Rank Interactive Development Limited	England and Wales	Dormant
Rank Interactive Gaming Limited	England and Wales	Dormant
Rank Leisure Machine Services Limited	England and Wales	Dormant
Rank Nemo (DGMS) Limited	England and Wales	Dormant
Rank Nemo (DMS) Limited	England and Wales	Dormant
Rank Nemo (DPL) Limited	England and Wales	Dormant
Rank Nemo (HGY) Limited	England and Wales	Dormant
Rank Nemo (RC) Limited	England and Wales	Dormant
The Rank Organisation Limited	England and Wales	Dormant
Rank Overseas Finance Limited	England and Wales	Dormant
Rank Precision Industries Limited	England and Wales	Dormant
Rank Radio International Limited	England and Wales	Dormant
Rank Seasonal Amusements Limited	England and Wales	Dormant
Rank Speciality Catering Limited	England and Wales	Dormant
RO Nominees Limited	England and Wales	Dormant
RPI Overseas Limited	England and Wales	Dormant
Associated Leisure France SARL	France	Dormant
Associated Leisure France Properties SCI	France	Dormant
Cavern Club Inc.	U.S.A.	Dormant
Kingston Plantation Condominium Management Company	U.S.A.	Dormant
Kingston Plantation Inc.	U.S.A.	Dormant
Rank America (Nevada) Inc.	U.S.A.	Dormant
Rank Development Inc.	U.S.A.	Dormant
Rank DGMS LLC	U.S.A.	Dormant
Rank Leisure USA Inc.	U.S.A.	Dormant
Rank New Jersey Inc.	U.S.A.	Dormant
Rank Orlando II Inc.	U.S.A.	Dormant
Rank TH Inc.	U.S.A.	Dormant

1 Directly held by the Company.

The principal activities are carried out in the country of incorporation as indicated above.
All subsidiary undertakings have a 30 June year end.

Five year review

	Year ended 30 June 2015 £m	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m	Year ended 30 June 2012 (unaudited) £m	Year ended 30 June 2011 (unaudited) £m
Continuing operations					
Revenue before adjustment for free bets, promotions and customer bonuses	**738.3**	707.7	625.0	584.3	580.7
Free bets, promotions and customer bonuses	**(37.6)**	(29.2)	(28.8)	(25.4)	(23.8)
Revenue	**700.7**	678.5	596.2	558.9	556.9
Operating profit before exceptional items	**84.0**	72.4	69.9	69.7	62.9
Exceptional items credited (charged) against operating profit	**2.1**	(46.5)	(17.7)	(19.9)	43.9
Group operating profit	**86.1**	25.9	52.2	49.8	106.8
Total net financing (charge) income	**(11.6)**	(11.5)	(9.5)	(4.8)	74.6
Profit before taxation	**74.5**	14.4	42.7	45.0	181.4
Taxation	**(15.5)**	3.0	(13.8)	(13.6)	(45.3)
Profit after taxation from continuing operations	**59.0**	17.4	28.9	31.4	136.1
Discontinued operations	**15.8**	2.8	(1.9)	(3.3)	6.1
Profit for the year	**74.8**	20.2	27.0	28.1	142.2
Adjusted earnings per share – basic	**14.6p**	12.4p	12.4p	12.4p	10.2p
Basic earnings per ordinary share	**19.1p**	5.2p	6.9p	7.2p	36.5p
Basic earnings per ordinary share before exceptional items	**14.6p**	13.5p	10.9p	11.3p	9.8p
Total ordinary dividend (including proposed) per ordinary share	**5.60p**	4.50p	4.10p	3.60p	2.66p
Group funds employed					
Intangible assets and property, plant and equipment	**599.1**	607.7	620.3	371.5	376.3
Provisions	**(53.6)**	(59.5)	(68.3)	(52.9)	(53.0)
Other net liabilities	**(198.2)**	(168.9)	(206.0)	(132.4)	(151.8)
Total funds employed at year-end	**347.3**	379.3	346.0	186.2	171.5
Financed by					
Ordinary share capital and reserves	**294.4**	242.3	241.9	228.0	208.7
Net debt (cash)	**52.9**	137.0	104.1	(41.8)	(37.2)
	347.3	379.3	346.0	186.2	171.5
Average number of employees (000s)	**10.7**	10.9	9.6	9.2	9.1

Continuing results for the years ended 30 June 2013 and 30 June 2012 exclude operations discontinued during the year ended 30 June 2013. Continuing results for the year ended 30 June 2011 have not been restated to exclude operations discontinued during the year ended 30 June 2013.

2015/16 financial calendar

11 September 2015	Record date for 2014/15 final dividend
15 October 2015	Annual general meeting and interim management statement
21 October 2015	Payment date for 2014/15 final dividend
29 January 2016	Interim results announcement
12 May 2016	Interim management statement

Registrar

All administrative enquiries relating to shares should, in the first instance, be directed to the Company's registrar (quoting reference number 1235) and clearly state the registered shareholder's name and address. Please write to The Rank Group Plc Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (Tel: from the UK 0871 384 2098* and from outside the UK +44 121 415 7047).

There is a text phone available on 0871 384 2255* for shareholders with hearing difficulties.

(*Calls cost 10p per minute plus your phone company's access charge.)

Shareview

The Shareview portfolio service from the Company's registrar gives shareholders more control of their Rank shares and other investments including:

- direct access to data held for them on the share register including recent share movements and dividend details;
- a recent valuation of their portfolio; and
- a range of information and practical help for shareholders including how they can elect to receive communications electronically.

It is easy and free to set up a portfolio – shareholders will just need the shareholder reference printed on their proxy form or dividend stationery. Please visit the following website for more details: www.shareview.co.uk.

Payment of dividends

The Company is no longer operating a dividend re-investment plan. Shareholders may find it more convenient to make arrangements to have dividends paid directly to their bank account. The advantages of this are that the dividend is credited to a shareholder's bank account on the payment date, there is no need to present cheques for payment and there is no risk of cheques being lost in the post.

To set up a dividend mandate or to change an existing mandate please contact Equiniti Limited, our registrar, whose contact details are above. Alternatively, shareholders who use Equiniti's Shareview can log on to www.shareview.co.uk and follow the online instructions.

Shareholder information

A wide range of information for shareholders and investors is available in the Investors area of the Rank Group website: www.rank.com.

Frequently asked questions

We have a shareholder 'frequently asked questions' section on our website which provides answers to many questions that shareholders have: www.rank.com/en/investors/shareholder-centre.html

Capital gains tax

For the purpose of calculating UK capital gains tax on a disposal of ordinary shares in the Company held since 31 March 1982 (including shares held in the predecessor company, The Rank Organisation Plc), the price of the Company's ordinary shares at that date was 190p per share. This price should be adjusted for the effects of the rights issue in January 1990, the enhanced share alternative in July 1993, the sub-division and consolidation of shares in March 1994, the enhanced scrip dividend in March 1998, and the 18 for 25 sub-division and share consolidation (aligned with the 65p special dividend payment) which took place in March 2007. More information regarding these adjustments is available on the www.rank.com website.

Shareholder security

We are aware that some of our shareholders have received unsolicited telephone calls concerning their Rank shares. These communications tend to be from overseas-based 'brokers' who offer a premium price for your Rank shares but ask you to make an upfront payment, typically in the form of an insurance bond. We recommend that before paying any money you:

- obtain the name of the person and firm contacting you;
- check the FCA register at www.fca.org.uk/register/ to ensure they are authorised;
- use the details on the FCA Register to contact the firm;
- call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the FCA Register or you are told they are out of date; and
- search the FCA's list of unauthorised firms and individuals to avoid doing business with: www.fca.org.uk/consumers/protect-yourself/unauthorised-firms/unauthorised-firms-to-avoid

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

Below, please find the link to the FCA's website which gives information on scams and swindles which shareholders may find helpful: www.fca.org.uk/consumers/scams

Further information on fraud can be found at www.actionfraud.org.uk/

Action Fraud's helpline is 0300 123 2040.

We recommend that you report any attempted share frauds to the authorities since providing information with regard to how the fraudsters have contacted and dealt with you will assist the authorities in understanding the fraudsters' way of operating so as to enable them to disrupt and prevent these activities and prosecute them.

ShareGift

Shareholders with a very small number of shares, the value of which may make it uneconomical to sell, may wish to consider donating them to charity through ShareGift, a registered charity administered by The Orr Mackintosh Foundation.

Further information about ShareGift is available at www.sharegift.org or by writing to:

ShareGift
17 Carlton House Terrace
London SW1Y 5AH

Tel: 020 7930 3737

For any other information please contact the following at our registered office:

Frances Bingham, Company Secretary

Sarah Powell, Director of Treasury and Investor Relations

Registered office

The Rank Group Plc, Statesman House,
Stafferton Way, Maidenhead SL6 1AY

Tel: 01628 504 000

The Rank Group Plc
Registered in England and Wales N° 03140769

Glossary

Financial terminology

Revenue
Income retained by Group after deductions for VAT and players' winnings

Like-for-like
Excludes club openings, closures and relocations, and changes to gaming taxation

EBITDA
Earnings before interest, tax, depreciation, amortisation and exceptional items

Operating margin
Operating profit expressed as a percentage of revenue

KPI terminology

Customers
Unique customers visiting a bingo club or casino or operating an online account in the 12-month period

Customer visits
Individual customer visits to bingo clubs and casinos

Spend per visit
Revenue divided by customer visits

Online – offline crossover
Percentage of adults participating in both remote and land-based gaming

Net promoter score
A measure of a customer's propensity to recommend

Gaming industry terminology

Interval games
Automated game of bingo played in a licensed club

Adult gaming centre
A licensed gaming machines arcade

Main stage bingo
Traditional game of bingo played in a licensed club

Pari-mutuel gaming
Gaming where players compete with each other to win prizes. The house may take a fee for organising the game but does not participate actively. Also called 'player-to-player' gaming

Remote gaming and betting
Gambling services offered to customers via the internet and mobile phone

Commission des Jeux
The governing body for the gambling industry in Belgium

Gambling Commission
The governing body for all sectors of gambling in Great Britain, with the exception of the National Lottery and spread betting

GamCare
A charitable organisation that provides counselling and other services to those with gambling-related problems

Responsible Gambling Trust
A charitable organisation that funds treatment, education and research related to problem gambling and which was formed following the merger of The GREaT Foundation and the Responsible Gambling Fund

TiTo
Ticket-in ticket-out functionality in gaming machines

www.rank.com

In line with our strategy we aim to build our digital capability and are committed to improve the way we communicate with our stakeholders. As a result we've launched a major upgrade of our corporate website which went live in summer 2015.

We've built our website to be fully responsive across multiple devices, and have developed new content across the sections with improved search facilities and more interactive elements, all designed to make the site more engaging and user-friendly.

So for all our latest news and to find out more about Rank, get online!

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C016486

The Forest Stewardship Council (FSC) is an international network which promotes responsible management of the world's forests. Forest certification is combined with a system of product labelling that allows consumers readily to identify timber-based products from certified forests.

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The Rank Group Plc

Statesman House
Stafferton Way
Maidenhead
SL6 1AY

Tel: 01628 504 000
Web: www.rank.com

Company registration number: 03140769